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ABSTRACT

This report details 12 recommendations and actions, agency re-invention activities, and fiscal impact analyses for the Department of Education resulting from the National Performance Review. Overall, the recommendations and analyses show that the Department could save $173.2 million by 1999 and that, by adopting these recommendations to clarify and simplify its work, the Department could operate more effectively. The recommendations are: (1) redesign of Chapter 1 of the elementary and Secqndary Education Act; (2) reduction of the number of programs the Department of Education administers; (3) consolidation of the Eisenhower Math and Science Education Program with Chapter 2; (4) consolidation of National Security Education Act programs; (5) streamlining and improving the Department's grants process; (6) provision of incentives for the Department's debt collection service; (7) simplification and strengthening of the institutional eligibility and certification for participation in federal student aid; (8) creation of a single point of contact of program and grant information; (9) improvement of employee development opportunities; (10) elimination of the grant-back statutory provision of the General Education Provisions act; (11) construction of a professional, mission-driven structure for research; and (12) development of a strategy for technical assistance and information dissemination. Appendixes contain justifications for the elimination of programs and list accompanying reports of the National Performance Review. (JB)

ED 379 992

FROM RED TAPE TO RESULTS

CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

Department of Education

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Accompanying
Part of the National
Performance Review

Vice President Al Gore

HE 028 097

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DEPARTMENT OF EDUCATION

Accompanying Report of the
National Performance Review
Office of the Vice President
Washington, DC

September 1993

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This accompanying report, prepared by the staff of the National Performance Review (NPR), is one of 38 reports that laid the groundwork for the recommendations in the NPR report "From Red Tape to Results: Creating a Government that Works Better and Costs Less," released on September 7, 1993. This report is based on the best information available at that time. The specific recommendations within these reports have been and will continue to be given priority as part of the FY95 Budget, legislative proposals, or other administration initiatives, as appropriate.

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ABBREVIATIONS

ALJ	Office of Administrative Law Judges
CAN	Combined Application Notice
CEHR	Committee on Education and Human Resources
CFDA	Catalogue of Federal Domestic Assistance
DCS	Debt Collection Service
ED	Department of Education
EDGAR	Education Department General Administrative Regulations
ERIC	Educational Resources Information Center
ESEA	Elementary and Secondary Education Act of 1965
FCCSET	Federal Coordinating Council for Science, Engineering, and Technology
FDSLP	Federal Direct Student Loan Program
FFEL	Federal Family Educational Loans
FIRST	Fund for the Improvement and Reform of Schools and Teaching
FMFIA	Federal Managers' Financial Integrity Act
FTE	Full-Time Equivalent
GAO	General Accounting Office
GCS	Grants and Contracts Service
GEPA	General Education Provisions Act
HEA	Higher Education Act
HEAF	Higher Education Assistance Foundation
HMLC	Horace Mann Learning Center
IDEA	Individuals with Disabilities Education Act
IRS	Internal Revenue Service
JTPA	Job Training Partnership Act
LEA	Local Education Agency
MPMT	Monitoring and Performance Measures Team
NAEP	National Assessment of Educational Progress
NAPA	National Academy of Public Administration
NAS	National Academy of Sciences
NCES	National Center for Educational Statistics
NCRVE	National Center for Research in Vocational Education
NDN	National Diffusion Network
NIDRR	National Institute for Disability and Rehabilitation Research
NIE	National Institute of Education
NIH	National Institutes of Health
NPR	National Performance Review
NSEA	National Security Education Act
NSEP	National Security Education Program
NSF	National Science Foundation
OERI	Office of Educational Research and Improvement
OESE	Office of Elementary and Secondary Education
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPE	Office of Postsecondary Education
OPP	Office of Policy and Planning
OSERS	Office of Special Education and Rehabilitation Services

OVAE	Office of Vocational and Adult Education
POC	Principal Operating Component
R-TAC	Rural Technical Assistance Center
RCC	Reinvention Coordinating Council
R&D	Research and Development
SEA	State Education Agency
S&E	Salaries and Expenses
TAC	Technical Assistance Center
TOPS	Total Organization Performance System

EXECUTIVE SUMMARY

In developing this report, the National Performance Review (NPR) is guided, first and foremost, by the administration's policy toward education. This policy stems from a profound dissatisfaction with a system that produces SAT scores below the levels of 30 years ago, produces students who lag well behind the rest of the industrialized world, and allows millions of Americans to leave school unable to read the first paragraph of our own Constitution.

Created in 1979, primarily from parts of what had been the Department of Health, Education and Welfare, the Department of Education (ED) has 230 programs and about 5,000 employees. It is responsible for only about one dollar in 15 of the $445 billion invested each year in American education.

The department administers a fiscal 1993 budget of $31.1 billion, distributed largely as grants-in-aid to state and local education agencies for programs designed to educate disadvantaged children and help the disabled or to students to help finance their higher education.

The department has suffered from mistrust and management neglect, almost from its beginning. To overcome this legacy and to lead the way in national education reform, ED must refashion and revitalize its programs, management, and systems.

To this end, the administration already has presented five major legislative proposals: *Goals 2000:* Educate America Act, the Safe Schools Act, the School-to-Work Opportunities Act, the Student Loan Reform Act, and the National Service Trust Act. Student Loan Reform and National Service Trust have already been enacted into law. The department also has undertaken notable management initiatives and cooperative efforts with other cabinet departments.

The *Goals 2000:* Educate America Act is intended to promote school reform by helping communities and states to establish voluntary internationally competitive standards. It will encourage communities and states to tie curriculum and teacher training to standards and devise and implement related assessment and accountability systems. It will encourage partnerships among the federal government, states, parents, business, labor, schools, communities, and students.

Reinvention strategies are a central theme of the management reforms sought by this administration. A new ED management structure ensures continued senior-level attention to reform and reinvention: (1) the Executive Management Committee, chaired by the Deputy Secretary and consisting of a number of the department's senior political leaders, focuses on strategic planning and general management issues; and (2) the Reinvention Coordinating Council initiates

and oversees the department's improvement efforts.

This report supports the administration's proposals to redesign Chapter 1 of the Elementary and Secondary Education Act, which is the major federal program to support compensatory education for disadvantaged students. Expert evaluation concludes that the annual $6.5-billion investment is not producing the expected results. NPR presents recommendations to reinvent the program, focusing its funding and removing its elaborate structure and replacing it with simplified requirements.

NPR recommends reducing the number of programs the department administers. ED runs 230 education programs, many of which overlap or have achieved the purpose for which they were created—or are better addressed by non-federal resources. NPR specifically recommends:

- eliminating over 40 of them;
- consolidating various formula grants; and
- consolidating the Drug Free Schools and Communities Act and the pending Safe Schools programs.

NPR also recommends repealing the grantback provisions of the General Education Provisions Act, as proposed by the administration. This provision allows an organization to pay ED a penalty when it has failed to comply with some regulation and then ask the department to return up to 75 percent of the money on the grounds that potential beneficiaries of the grant should not be penalized.

Other recommendations in this report will result in greater efficiencies, including streamlining and improving ED's grants processing, simplifying and strengthening institutional eligibility and certification for participation in federal student aid programs, and providing incentives for the department to increase debt collection. This report also recommends initiatives that will improve ED's effectiveness and customer service by creating a single point of contact for programs and grant information; improving ED's employee development opportunities; building a professional, mission-driven structure for research; and developing a strategy for technical assistance and information dissemination.

While NPR does show how the Department of Education can spend $173.2 million less over the next five years, the recommendations also indicate how, by clarifying and simplifying its work, the department can begin to do the public's business in the effective and efficient way the nation's future requires.

RECOMMENDATIONS AND ACTIONS

ED01:
Redesign Chapter 1 of Elementary and Secondary Education Act

Background

Chapter 1 of the Elementary and Secondary Education Act of 1965 (ESEA) is the major federal program to improve the education of disadvantaged children. The program was budgeted to receive $7.1 billion in fiscal 1994, 21 percent of the Education Department's request. Chapter 1 serves one in nine school-age children, largely providing compensatory reading and mathematics instruction at the elementary school level. While the basic skills of low-income children have improved in the last 20 years, a wide consensus now holds that the time has come, as the Education Department's own assessment says, for reinventing Chapter 1.[1]

Expert evaluation concludes that Chapter 1 monies do not make much positive difference. On average, the program adds only about 10 minutes a day of reading and mathematics instruction and takes a remedial, basic skills approach that is inconsistent with substantive curricula. Influenced largely by fear of federal audit procedures, 82 percent of school districts offer limited pullout instruction, which takes children away from normal classroom activities. While the percentage of districts also offering in-class Chapter 1 instruction has increased from 28 percent to 58 percent between the 1985-86 and 1990-91 school years, this instruction is often characterized by drill and practice instruction and homogeneous grouping, which are generally regarded as counterproductive.[2] Table 1 compares mathematics achievement levels for U.S. students overall with the one-tenth of students who live in disadvantaged urban areas. The Education Department's assessment concludes that "the evidence is consistent in showing that students receiving Chapter 1 services, as currently configured, are not progressing."[3]

Table 1: Students below Basic Math Achievement Level

Grade	Assessment Year	Urban Disadvantaged	All
4	1990	69%	46%
	1992	73%	39%
8	1990	58%	42%
	1992	72%	37%

Source: National Center for Education Statistics, *A Preliminary Report of National Estimates from the National Assessment of Educational Progress 1992 Mathematics Assessment* (U.S. Department of Education, January 12, 1993), pp. 9, 21.

Several key aspects of the program need reinvention. The Chapter 1 law and regulations often result in rigid procedures, discouraging the exercise of judgment by teachers and principals—those closest to the point of service delivery. School districts are required to document that Chapter 1 funds go to programs that benefit only designated Chapter 1 children and that those programs

are distinct additions to regular school activities, even if a teacher's or principal's best professional judgment is that a disadvantaged child would be better served by upgrading certain activities in which the child is integrated with other students.[4] Therefore, school districts often perceive that the safest course is to use Chapter 1 funds only to support services in which Chapter 1 children are segregated.

The rigid specifications for the Chapter 1 program are so well established that they tend to persist even when they are no longer required. Although the 1988 reauthorization of ESEA encouraged schoolwide projects serving all students in schools with concentrations of 75 percent or more of low-income children, in 1990-91 such projects were found in only 2,000 out of 9,000 eligible schools.[5] At nearly half the Chapter 1 schools eligible to use the new schoolwide approach, principals were not even aware of that option.[6] Explaining this persistent rigidity, a team of researchers concluded:

> *Habits of compliance-orientation no doubt change slowly even under strong pressures. Staying with a compliance approach provides the protection of a regulatory framework tested over time. The local administrators may be betting that they would have more to lose by risking an innovative approach whose outcome is uncertain than by introducing change to the system only when necessary, and then only gradually, and at the margin.*[7]

A second major problem with the Chapter 1 program is that it requires funding to be allocated to schools based on their numbers of educationally disadvantaged students identified by annual standardized testing. This creates perverse incentives because schools that succeed in improving the achievement of their students stand to lose resources. Thirteen percent of all Chapter 1 elementary school principals in the country reported that their Chapter 1 program has lost some funding as a result of improved student performance.[8]

A third major problem is that Chapter 1 funds are spread thinly across most school districts and schools instead of being concentrated in places with the greatest needs. Approximately 93 percent of all school districts receive Chapter 1 funds, including 85 percent of the least needy districts (where no more than one in 10 children is eligible for free or reduced-price lunches). At the school level, 45 percent of the least needy elementary schools (with no more than 10 percent of students eligible for subsidized lunches) are Chapter 1 schools. Perhaps even worse, in these least needy settings federal accountability statutes and regulations tend to promote—as indicated above—the segregation of low-achieving children from regular classroom activities.

At the same time, many high-poverty schools go unserved because poor districts do not receive enough Chapter 1 funds to serve all of their needy schools. Fourteen percent of the elementary schools with more than 50 percent of students eligible for subsidized lunches receive no Chapter 1 funds. Furthermore, many poor schools cannot serve all of their low-achieving children. One-third of the low-achieving children (those who score below the 35th percentile on reading tests) in high-poverty schools (with at least 75 percent of students eligible for subsidized lunches) do not receive Chapter 1 services.

In addition to changes in these three major problem areas, Chapter 1 needs to be integrated with the strategy of systemic education reform as represented in the administration's *Goals 2000* legislation currently moving through Congress. For example, instead of annual, norm-referenced, basic skills testing, *Goals 2000* calls for assessment of students' proficiency in challenging academic content areas. Many states are well ahead of the federal government in adopting this approach to assessing student learning outcomes. Nonetheless, "although many states are moving forward with their own systems for assessing students' proficiency levels at critical transition points (e.g., grades 4, 8, and 12), they are required to maintain a dual system by testing Chapter 1 students in all grades at which the program is offered."[9]

Chapter 1 also needs to be a prominent

part of the emerging national effort to intervene comprehensively in the decisive period before at-risk children reach the age of 10. The program too often functions as if schools operated in a social vacuum. For example, the strong emphasis on parental involvement that is found in some programs for younger children is not now typical of Chapter 1. In no school-related activity do more than 30 percent of principals report that Chapter 1 parents are very involved. While the number of all types of Chapter 1 schools reporting high parental involvement as volunteers did rise between 1985-86 and 1991-92, the number of high-poverty Chapter 1 schools doing so did not.[16]

ACTIONS

The 1993 ESEA reauthorization should focus more Chapter 1 resources on the highest-poverty schools and create effective incentives at the school level to improve the entire education these children receive, not just to improve basic skills.

1. Rigidity in the Chapter 1 program should be replaced by accountability for results.

The schoolwide flexibility option should be extended, in stages, to all Chapter 1 schools that have more than 50 percent low-income students. Further, reform should be achieved by linkage with the National Education Goals, which include the objective that the academic performance of elementary and secondary students will increase significantly in every quartile, and the distribution of minority students in each level will more closely reflect the student population as a whole.

2. The disincentives created by the use of standardized testing should be reversed.

The link between the Chapter 1 funding allocation formula and the designation of children as educationally deprived should be broken. School districts and states should be encouraged to use poverty data to allocate funds to schools. Further, they should replace annual, standardized, norm-referenced testing with general use state assessment procedures that are congruent with the National Educational Standards being developed as part of *Goals 2000.*

3. Chapter 1 funding should be concentrated on schools serving large proportions of low-income students.

The mix of funding between the basic grant mechanism and grants that concentrate on low-income areas should be changed to approximately 50/50. To further concentrate funds on the highest-poverty areas, the funds allocation also should include an absorption provision that would exclude from Chapter 1 allocations the number of low-income children equivalent to 2 percent of the total number of children in a county.

4. Schools and school districts should be permitted to use some Chapter 1 funds to identify needed social services and develop cooperative arrangements with the other agencies that can provide those services.

They should be permitted to do this within a comprehensive plan for improving the education of low-income students. Moreover, high-poverty schools should be permitted to operate family literacy programs of the type that are carried out now, on a limited scale, under the Even Start program.

IMPLICATIONS

The Education Department's assessment of the program observes:

> *Changes . . . could bring Chapter 1 into the mainstream—indeed, the forefront—of reform in curricular standards, whole school improvement, performance monitoring, and integrated services. The urgent need to transform Chapter 1 reflects the need to transform American educa-*

tion, with special attention to the schools serving the most disadvantaged students.[11]

This transformation could extend Chapter 1's earlier successes in narrowing the basic skills gap to even more rewarding academic content areas. In this way, reinventing Chapter 1 can respect and build on the deep commitment that many people have to the program as it was fashioned originally during the Great Society era.

FISCAL IMPACT

The Education Department estimates that, based on current appropriation levels, up to $500 million annually could be redeployed from lower-poverty counties to higher-poverty counties by shifting to the 50/50 funding mix and adding a two percent absorption provision to the Chapter 1 formula (together with other proposed targeting measures). As a result of this reallocation, the counties with the highest poverty rates will receive slightly over 50 percent of all funds (up from their current 43 percent share). This redeployment, however, would not result in overall budget savings.

	Current Chapter 1 Formula	Improved Targeting Formula
Highest poverty quartile	$2.7 billion	$3.1 billion
Second-highest poverty quartile	$1.6 billion	$1.7 billion
Second-lowest poverty quartile	$1.2 billion	$1.0 billion
Lowest poverty quartile	$0.7 billion	$0.4 billion
Total	$6.2 billion	$6.2 billion

Elimination of the Chapter 1 requirement for separate testing each year would allow, at the least, much better use of approximately $300 million annually of Chapter 1 funds that go to state and local administration.[12]

Endnotes

1. U.S. Department of Education (ED), *Reinventing Chapter 1: The Current Chapter 1 Program and New Directions*; Final Report of the National Assessment of the Chapter 1 Program (Washington, D.C., February 1993). See also Commission on Chapter 1, *Making Schools Work for Children in Poverty* (Washington, D.C.: American Association for Higher Education, December 1992).
2. U.S. Department of Education, *Annual Evaluation Report 1991* (Washington, D.C., 1992), pp. 101-3, 101-4; and ED, *Reinventing Chapter 1*, pp. 33-34, 80-85.
3. U.S. Congress, House, Subcommittee on Elementary, Secondary, and Vocational Education, testimony of Alan L. Ginsburg, Acting Assistant Secretary for Policy and Planning, February 25, 1993.
4. U.S. Department of Education, *Chapter 1 Policy Manual: Basic Programs Operated by Local Educational Agencies* (Washington, D.C., April 1990), pp. 45, 49, 73.
5. Milsap, Mary Ann, Marc Moss, and Beth Gamse, *Chapter 1 in the Public Schools: The Chapter 1 Implementation Study: Final Report*, U.S. Department of Education Contract No. LC89038001 (Cambridge, MA: Abt Associates, Inc., 1992), p. 2-14.
6. Milsap, et al, pp. 2-14, 2-15.
7. Herrington, Carolyn D., and Martin Orland, "Politics and Federal Aid to Urban School Systems: The Case of Chapter One," in *Politics of Education Association Yearbook 1991*, p. 177.
8. ED, *Reinventing Chapter 1*, p. 53.
9. Ibid., pp. 208-209.
10. Milsap, pp. 5-7, 5-10.
11. ED, *Reinventing Chapter 1*, p. 183.
12. Roughly another $300 million a year of Chapter 1 funds go into non-federal administration of the program (states: $60 million; local school districts: $240 million). Of 11 categories of administrative requirements in the Chapter 1 law and regulation, district coordinators ranked the following as most burdensome: evaluation procedures; needs assessment procedures; and ranking and selecting students. Eliminating the federal requirements for annual, norm-referenced testing would transform these activities. Milsap, et al, pp. 1-30, 6-17, 18.

ED02: REDUCE THE NUMBER OF PROGRAMS THE DEPARTMENT OF EDUCATION ADMINISTERS

BACKGROUND

Some of the 230 programs the Department of Education (ED) administers serve purposes that overlap those of other ED programs; some have achieved the purpose for which they were created; and others serve purposes that are more appropriately addressed by non-federal resources. Continued funding of these low-priority programs draw resources away from programs that serve the most urgent needs of students. The nation's priorities are defined by the six National Education Goals.[1] Although each of these programs might address the goals in some way, the savings from eliminating them could be used by other ED programs, which are better at addressing national educational priorities.

The department has three basic types of programs: (1) formula grants, which allocate funds to states, localities, or institutions based on a mathematical formula with variables related to the purpose of the program; (2) discretionary grants, which award funds based on a competitive review of application proposals; and (3) student financial aid, which includes loans and grants to assist students in attending postsecondary schools. In addition, the department is the conduit for the non-competitive allocation of federal funds to several organizations. The President has already submitted and Congress has passed a legislative package to redesign student loan programs; accordingly, this report focuses only on formula and discretionary grant programs.

The administrative costs associated with all 230 programs in the department are not easily calculated. They involve costs at all levels of government—federal, state, and local—and would include, for example, development of regulations and grant competition notices; development of applications; reporting on programs; and the monitoring and auditing of projects. Of the department's 230 programs, 160 award funds through national competitions. Competitions are held only when funds are available for new projects, so not every program holds a competition every fiscal year. Some programs award funds through multiple competitions in different programmatic priority areas. To award funds available under some of these programs, the department is expected to hold about 245 competitions in fiscal 1993.

During the legislative process, policy and legislation for new initiatives and reauthorization of existing programs are developed. Prior to the expiration of authorizing legisla-

tion, program and policy staff identify issues, review evaluation data, recommend and analyze options, conduct outside consultations, and solicit public comment. This work results in reauthorization proposals that are submitted to Congress.

An example of how the department plans to pursue consolidation of these many programs is the current effort to design the Elementary and Secondary Education Act (ESEA) reauthorization. The department has conducted a major effort to reshape the current legislation so that states, communities, and schools will be able to use programs flexibly, imaginatively, and effectively—not as mere categorical programs supporting piecemeal reforms, but as part of their own comprehensive efforts to move all students toward high educational standards in line with the National Education Goals.

In the ESEA reauthorization, the department has taken a number of steps to increase the flexibility of grant funds and to increase coordination of activities carried out under ED funded programs. The proposed measures include waiver authority, simplification and reduction of forms, consolidation of state plans, and reduction of auditing requirements.

During the budget process, the department identified a number of its programs that are no longer a priority for federal funds and requested no funds for them in the President's fiscal year 1994 budget submission. The department also will propose elimination or consolidation of some of these programs through the submission of reauthorization packages, particularly the ESEA.

The National Performance Review (NPR) studied the department's programs, along with the department's recommendations and information supplied by the Office of Management and Budget (OMB), based on the criteria explained above. Based on this review, the NPR has developed a list of programs to eliminate or consolidate.

Examples of programs NPR recommends for elimination or consolidation and the reasons why they should no longer be supported by limited federal resources follow:

1. Congress continues to fund programs that duplicate the purpose and service provided by other programs administered by ED. For example, the National Academy of Space, Science, and Technology program and the National Science Scholars program both provide scholarships to support students studying in the fields of science, mathematics, and engineering at the post-secondary level.[2]

2. Congress funds programs that have met their original goals. For example, the State Student Incentives Grants (SSIG) program was created as an incentive for states to develop their own need-based programs. Today, all 50 states have such programs. In addition, many of the states substantially overmatch the program's dollar-for-dollar federal-state matching requirement. The states provide in total about $2 billion in need-based student aid compared to the $72 million provided by the federal government under the SSIG program.[3]

3. Congress also funds programs that should be funded by non-federal dollars. For example, other non-federal sources of support, such as university endowments, are available to support activities funded under the Research Libraries program, which provides grants to major research libraries to help them strengthen their collections.[4]

A number of the department's formula grant programs serve similar educational purposes, but target discrete populations. State and local education agencies, which provide the services funded under these formula programs, must separately apply for, track, and report on the use of these funds. For example, the programs under the Drug Free Schools Act and the proposed Safe Schools Act both address the sixth National Education Goal. The sixth goal states that by the year 2000, every school in America will be free of drugs and violence and will offer a disciplined environment conducive to learning. Consolidating these programs, as the administration has proposed, would allow states and local communities to pursue the sixth national education goal in the most efficient and effective way.

Elimination and consolidation of programs would allow the department to streamline administration of its programs. Customers should, in turn, experience improved service from the department.

ACTIONS

1. Legislation should be enacted to eliminate 34 Department of Education programs, which are duplicative of other programs, have already achieved their purpose, or are more appropriately funded through non-federal resources.

Justification for eliminating the 34 programs, listed below, appears in Appendix A.

- Impact Aid 3(e) Payments
- Ellender Fellowships (Close-Up Foundation)
- Education For Native Hawaiians
- Foreign Languages Assistance
- Consumer and Homemaking Education
- Bilingual Vocational Training
- State Student Incentive Grants
- Dwight D. Eisenhower Leadership Program
- Cooperative Education
- Assistance to Guam
- Robert A. Taft Institute of Government
- National Academy of Science, Space, and Technology
- College Housing and Academic Facilities—New Loan Subsidies
- Territorial Teacher Training
- Public Library Construction
- Foreign Language Materials
- Library Literacy Programs
- College Library Technology
- Library Education and Training
- Library Research and Demonstrations
- Research Libraries
- Foreign Periodicals Program
- Impact Aid 3(b) Payments
- Fund for the Improvement and Reform of Schools and Teaching (FIRST)
- Educational Partnerships Program
- General Assistance to the Virgin Islands
- Immigrant Education
- Law School Clinical Experience
- Educational Improvement Partnerships: Law-Related Education
- Dropout Prevention Demonstrations
- Follow Through
- Impact Aid–Section 2 payments
- Vocational Education: Community-Based Organizations
- Civics Education

2. Legislation should be enacted to consolidate the Drug Free Schools and Communities Act and the proposed Safe Schools Act programs into a single, comprehensive, flexible program for safe and drug-free schools.

IMPLICATIONS

These actions would reduce the number of programs administered by the Department of Education, thereby reducing the administrative burden on the department's program and staff offices. This reduced administrative burden would allow the department to focus its monitoring and assistance resources on a smaller number of programs.

The actions would also create a more cohesive and comprehensive federal educational program system aligned with the National Education Goals that would be more easily accessible to state and local education agencies, institutions of higher education, and individual students who use the system.

FISCAL IMPACT

Some administrative cost savings would be realized by the elimination and consolidation of these programs. However, since the Department of Education generally does not receive additional administrative funds or full-time equivalents to administer small programs such as many of these, the savings

would be negligible. Staff currently working on these programs would be freed to focus on other priorities.

The savings associated with these actions total approximately $515 million from fiscal year 1995 through 1999 and would be available for programs aimed at supporting the National Education Goals.

Endnotes

1. The National Goals state that by the year 2000: (1) all children in America will start school ready to learn; (2) the high school graduation rate will increase to at least 90 percent; (3) American students will leave grades four, eight, and twelve having demonstrated competency in challenging subject matter, including English, mathematics, science, history, and geography; and every school in America will ensure that all students learn to use their minds well so they may be prepared for responsible citizenship, further learning, and productive employment in our modern economy; (4) U.S. students will be first in the world in science and mathematics achievement; (5) every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship; and (6) every school in America will be free of drugs and violence and will offer a disciplined environment conducive to learning.
2. U.S. Department of Education, *24 Programs Proposed For Zero Funding In 1994 That Were Funded in 1993* (Washington, D.C., 1993), p. 6.
3. Ibid.
4. Ibid.

ED03: CONSOLIDATE THE EISENHOWER MATH AND SCIENCE EDUCATION PROGRAM WITH CHAPTER 2

BACKGROUND

Although small by Department of Education standards, the Eisenhower Mathematics and Science Education Program is the largest federal program for training elementary and secondary teachers in mathematics and science, and, thereby, addressing the fourth National Education Goal adopted by the President and the nation's governors in 1989: that, by the year 2000, U.S. students will be first in the world in science and mathematics achievement.

The program was established in 1984 and moved to the Elementary and Secondary Education Act of 1965 (ESEA) in the 1988 reauthorization. The Eisenhower Program includes a small national program, as well as the state grant program, which was budgeted at $252.7 million in the Education Department's fiscal 1994 request.

While at least 16 federal agencies support some efforts to improve mathematics and science in the schools, only the National Science Foundation (NSF) is a comparable source of support ($276 million in fiscal 1992). All these agencies coordinate their efforts through the Committee on Education and Human Resources (CEHR) of the Federal Coordinating Council for Science, Engineering and Technology (FCCSET).

Teacher training consumes the bulk of Eisenhower program funding. The impact of that training is difficult to determine because of multiple influences on student performance. Funds for the state grant program are distributed according to a formula based on student populations and poverty levels. Seventy-five percent of a state's grant goes to the state education agency, which must allocate most of it to local school districts for teacher training (the other 25 percent goes to the state higher education program for competitive teacher training grants). The median amount of district-sponsored training that teachers received in school years 1985-86 through 1989-90 was six hours. In only one state was more than one-third of the training provided by the school districts in 1989-90 of significant duration: 100 percent of the training provided by the school districts in South Carolina was in the form of full-term courses. Experts are unanimous, however, in holding that short-term in-service training cannot bring about significant educational improvement.[1]

Management of the Eisenhower state program needs improvement. To begin with, applications are reviewed based on the pres-

ence of required assurances and the adequacy of the program plans; they are not reviewed for the effectiveness of the states' planned programs, nor is performance data from previously funded programs taken into account. No state application has ever been rejected. States are required to report annually on program activities, but Education's Office of the Inspector General (OIG) found that, after two years, many reports were still missing or unusable, many of the other reports were not responsive, and, in any case, the department had not analyzed the reports it had received. Program monitoring also needs improvement. A single program officer must attempt to conduct a site visit to all levels of the program in an entire state in one week or less. The average time between state reviews is 3.3 years; 19 states (including California and New York) had not been reviewed in four years; and 37 states had only been reviewed once in the history of the program, with no follow-up review to determine if any suggested corrective action had been taken. The site review instrument focuses on programmatic compliance, with no attention to student learning outcomes.[2]

Funding for school districts through the state program is spread so thin as to be inconsequential in many cases. In 1989-90, 17 percent of the nation's school districts did not apply for the Eisenhower grants for which they were eligible; 75 percent of these non-applicants would have received less than $1,000.[3] By fiscal 1992, when funding for the program had increased by 90 percent, the average grant was still only $3.4 million per state; in fiscal 1993, it was $3.5 million.[4]

An approach with some similarities to the Eisenhower state grant program is taken in Chapter 2 of Title 1 of the Elementary and Secondary Education Act of 1965. It was created by the Education Consolidation and Improvement Act of 1981. Rather than narrow categorical programs, the state and local programs part of Chapter 2 is intended to support a broad range of activities to improve the quality of elementary and secondary education. Among those activities is training and professional development for teachers and other education professionals. Funds are distributed by formula to the states and from the states to local education agencies. The average state award in fiscal 1993 was $8.3 million. The Education Department requested $415.5 million for the Chapter 2 state and local programs for fiscal 1994.[5]

ACTION

In the 1993 reauthorization of the Elementary and Secondary Education Act, the Eisenhower Math and Science Education State Grant Program should be combined with the state and local program under Chapter 2 of ESEA.

Funds should be combined to create a new Eisenhower Professional Development program, providing a more coherent national focus on teacher training and staff development in the context of state systemic reform plans submitted under the *Goals 2000* legislation. Additional professional development funding should be leveraged by requiring as much as a 50 percent local matching of funds. Performance data should be collected only on a multiyear cycle from grantees, and that data should be aligned with identified student learning outcomes based ultimately on the National Education Standards currently being developed.

IMPLICATIONS

Eisenhower money would be focused within the framework of the National Education Goals as a concentrated investment with an expected return. A combined formula grant of this magnitude, with a focus on professional development, would complement the opportunities to learn standards and state systemic plans called for in *Goals 2000*.

This expanded new Eisenhower program would provide for a coordinated strategy of

sustained training to provide teachers with the skills needed to teach to new standards and administrators who can create school reform for diverse groups of students. Comprehensive professional development plans, coordinated at the school level, would crystallize a unified professional development strategy to provide the staff renewal necessary to achieve the results defined by *Goals 2000*. The collection of performance data aligned with student learning outcomes would set the stage for eventually introducing incentives for improved student performance as a component of the funding formula.

FISCAL IMPACT

At current appropriation levels, this recommendation would leverage a total of approximately $1.2 billion annually of sustained professional development targeted at achieving the National Education Goals. Integrating the two formula funding programs and focusing on systemic approaches to define results will reduce the costs of detailed and duplicative administration and compliance monitoring at the federal, state, and local levels. Because the recommendation would reallocate dollars, it would have no net fiscal impact on federal spending.

Endnotes

1. U.S. General Accounting Office (GAO), *The Eisenhower Math and Science State Grant Program*, GAO/HRD-93-95 (Washington, D.C.: U.S. General Accounting Office, November 1992), pp. 2-4, 23-24.
2. U.S. Department of Education, Office of Inspector General, "Management Improvement Report No. 92-09," Chicago, Illinois, May 19, 1992, pp. 3-6.
3. GAO, pp. 3, 6.
4. U.S. Department of Education, *The Fiscal Year 1994 Budget: Summary and Background Information* (Washington, D.C., 1993), p. 16.
5. Ibid., p. 15.

ED04: Consolidate National Security Education Act Programs

Background

The National Security Education Act of 1991 (NSEA) established a trust fund of $150 million to be used to award grants, scholarships, and fellowships to study foreign languages and areas of the world not commonly studied in the United States. The National Security Education Program (NSEP), currently located in the Department of Defense, will support undergraduate study abroad, as well as graduate fellowships and programs of study. In the words of its principal sponsor, Senator David Boren: "The National Security Education Act is the largest new higher education initiative of this kind since the adoption of the National Defense Education Act of 1958."[1]

The trust fund is currently set up in the Treasury; staff in the Department of Defense—recently reorganized and relocated within that Department—have sketched out pilot programs. Implementation awaits legislation freeing use of the funds, as well as nomination and Senate confirmation of the full oversight board.

Implementation of NSEP will involve cooperation with the scholarly community, which has reacted to the initiative with simultaneous praise and concern. The praise arises from the probability of increased and well-conceived support for foreign language and international studies education. The alarm is occasioned by the location of the program and the appearance of active involvement by the defense and intelligence communities in its administration. The scholarly community believes this has implications for the physical safety of program participants in many countries, and probably also for restricted research access for individual scholars and others at their institutions.

While stressing its deep commitment to the purposes of the NSEA, the American Council of Learned Societies has insisted formally on the "urgency of developing a more appropriate institutional location and structure of governance for NSEP, one which will better protect the interest of the people whom the program is intended to support."[2] The Social Science Research Council and a number of key regional studies associations have elaborated similar concerns. Meeting on April 10, 1992, members of the Association of African Studies Programs adopted a motion that they were "greatly concerned about maintaining the access, safety, long-range perspectives, and academic integrity of the Africanist scholars in Africa and in this country" and that they "unanimously agreed to abide by a moratorium on all soliciting or receiving of NSEA funds. . . ."[3] On October 28, 1992, the Middle East Studies Association of North

America passed a motion that the connection with the defense and intelligence community "can only increase the existing difficulties of gaining foreign governmental permissions to carry out research and to develop overseas instructional programs. It can also create dangers for students and scholars . . . " The Board urged "that its members and their institutions not seek or accept program or research funding from NSEA" until these concerns were addressed.[4]

In response, the NSEP staff has held that "the trust fund is a Treasury account that may be used only for the Boren Program. Under the budget agreement in effect at the time, the trust fund had to be administered by the Department of Defense . . . The legislation is explicit: no one with a Boren award may do anything for an intelligence agency."[5]

While accepting that the scholarships "are for undergraduate study in foreign countries that are not emphasized in other U.S. study abroad programs," the NSEP staff insists that "the Board will not approve areas of undue risk for study and research abroad."[6] The academic community has not found these arguments reassuring or convincing, and the impasse continues. A very promising effort to enhance U.S. capacity to operate in the newly competitive and complicated international arena remains immobilized, caught in a political entanglement.

The Center for International Education in the Department of Education already administers the largest assemblage of International Education and Foreign Language Studies programs in the federal government. The programs support comprehensive language and area studies centers within the United States, fund research and curriculum development, and provide opportunities for American scholars to study abroad. Most of these programs were established under Title VI of the National Defense Education Act of 1958 or the Fulbright-Hays Act of 1961. For fiscal year 1994, the Education Department has requested an appropriation of $54.1 million (roughly the same as previous years) for these programs which "not only promote general understanding of the peoples of other countries, but also serve important trade, diplomatic, defense, and other security interests of the United States."[7]

Most experts find the United States severely underprepared in the area of foreign language and international education. With NSEP's innovative emphasis on in-country undergraduate study of less commonly taught languages and on integrating graduate study of those languages and important technical specialties, it would be a natural complement to the existing foreign language and area studies programs of the Education Department.

ACTION

The Departments of Education and Defense should consider a legislative proposal to move administration of the Boren program to the U.S. Department of Education, coordinating it with the Fulbright-Hays and Title VI programs.

Technically, the National Security Education Act of 1991 should be incorporated into Title VI of the Higher Education Act of 1965. The Education Department should seize the opportunity to revitalize and upgrade the administration and policy oversight of all its foreign language and international education programs. Cost savings from eliminating overlapping programs could be possible.

IMPLICATIONS

The era of global competitiveness is forcing new attention to effective foreign language education. The *Goals 2000* legislation, for example, has added foreign language to the areas in which academic achievement must be raised. Implementing this recommendation will demonstrate that listening to the customer can produce effec-

tive public-private cooperation to address critical national needs.

In addition, the NSEP enables students to exchange service for financial support and, in that respect, would reinforce one aspect of the National Service Trust Act.

FISCAL IMPACT

Combining these programs in the Department of Education would permit significant reductions in costs by streamlining and consolidating program administration. NPR is not able at this time to estimate these savings.

Endnotes

1. Boren, David L., U.S. Senator, "Statement Announcing Enactment of the National Security Education Act of 1991," undated.
2. American Council of Learned Societies, "ACLS Resolution Concerning the National Security Education Act," undated. See also, Social Science Research Council, *Items* (June-September 1992), pp. 17-23.
3. See "Association of African Studies Programs Motion on the National Security Education Act of 1991," undated.
4. See Board of Directors, Middle East Studies Association of North America, "Policy Statement," October 28, 1992.
5. National Security Education Program, "Responses to Concerns about the National Security Education Program," February 26, 1993, pp. 1-2.
6. National Security Education Program, *Pilot Program Models for the National Security Education Program: Working Paper #1* (Washington, D.C., April, 1993), p. 7; National Security Education Program, p. 1.
7. U.S. Department of Education, *The Fiscal Year 1994 Budget: Summary and Background Information* (Washington, D.C., 1993), p. 57.

ED05: Streamline and Improve the Department of Education's Grants Process

Background

Interviews with several Department of Education (ED) grant recipients have revealed frustration with the discretionary grant application process in the department. Grantees have complained about the lack of sufficient time between the notice of some grant programs and the date for filing applications, particularly in cases requiring collaboration among agencies or institutions. The department takes nearly three times as long to process and award grants than it gives applicants to develop proposals. Once applications are filed, ED further frustrates applicants' ability to plan for the following school year by awarding grants in the summer for school terms that may start as early as August.[1]

Grant functions in ED are separated between program offices and the Grants and Contracts Service (GCS). Program offices in ED handle substantive programmatic issues related to a grant and make funding recommendations to the assistant secretaries. The GCS deals with administrative issues, such as reviewing applications for compliance with law and regulation and financial reports for allowable costs. The first major step in the grants process is the development and publication of regulations and notices of funding priorities, which can take one year or longer. After publication of these, the approximate time frames for the major steps in the grant process are as follows:

1. Printing and mailing the application packages takes an average of two weeks.

2. ED allows applicants a minimum of 45 days for preparation of applications or proposals under existing programs and 60 days for new programs.

3. The Application Control Center, an office of the GCS, receives grant applications and logs pertinent data into the Grants and Contracts Management System. Since the postmark on an application package establishes whether the submission meets the closing date requirement, ED allows a minimum of three weeks between the postmark deadline and the start of panel reviews to be sure that all applications are received. For competitions expecting more than 500 applications, an additional one or two weeks is allowed.

4. The panel review process and preparation of an award slate takes a total of at least five weeks. This includes program office screening of applications for eligibility criteria (one to two weeks), peer reviewer reading and evaluation of proposals (one week), and program office administrative review of panel evaluations (three weeks).

5. Preparation of a funding recommendation memorandum for the assistant secretary's signature, including justification for funding any application out of rank order, takes one week.

6. Negotiation of the award with the grantee and production of the award document takes approximately six weeks to complete. This includes reviewing to ensure grant file completion, compliance with appropriate laws and regulations, independent cost analysis, negotiation of the final terms of the grant, submission of any revised material by the applicant, and review of the grantee's revised budget.[2]

The department estimates that the normal discretionary award process—after ED publishes in the *Federal Register* the notice requesting application submissions—takes 26 weeks, of which only six to eight weeks are for the actual development of the application proposal.[3]

This lengthy process seriously affects ED's customers—the grant applicants and the beneficiaries of the programs, including students and teachers. The timing of the notice of grant programs often results in a grant award in the middle of the summer or as late as September, many months after the grantee has to begin planning for the school year in which the grant funds will be used. From the perception of some ED grant applicants, ED does not attempt to line up a review panel for some competitions until well after the application deadline.

The first major delay in the process occurs when ED must go through the rulemaking process before soliciting grant applications. This delay may reduce the time that applicants have to submit applications for new programs. Program regulations are published for newly authorized programs, and even reauthorized programs often require major revisions to existing regulations. Rulemaking is also necessary for establishing priority areas in which the Secretary wishes to focus the department's limited resources. The application packages themselves also go through a clearance process before publication in the *Federal Register*. The department estimates that the regulatory process—including clearance of application forms—takes nine to 12 months.

Some of the delays are caused by statutory provisions which place various unique restrictions on ED's rulemaking authority. According to the department, these provisions, contained in section 431 of the General Education Provisions Act, impede flexibility, constrain the setting of priorities, and delay the award of grants. The timing and logistical requirements placed on the department are incompatible with the timing constraints for running an efficient grants process and making grant awards on a timely basis. Examples of these unique provisions include requiring the department to:

1. Transmit regulations to Congress. The regulations will take effect 45 days (subject to the rules of adjournment) after transmission, unless Congress passes a resolution disapproving the regulation.[4] (Although this veto authority is considered unconstitutional in light of the Supreme Court's ruling in *Immigration and Naturalization Service v. Chadha*, the department still abides by the waiting period.[5])

2. Transmit a rulemaking schedule to Congress 60 days after enactment of each piece of legislation. Final regulations must be published within 180 days from the transmission of the schedule. Sometimes the department has to negotiate and transmit a new schedule to Congress.[6] This process has the effect of ordering certain regulations to be published ahead of others that may have higher priority.

3. Provide a cite of authority after every section of each regulation.[7] This adds to the length and complexity of the documents. Other agencies can provide a cite or list of cites of authority once at the beginning of each document.

4. Take public comments on any rule of general applicability, including priorities proposed for a one-year competition.[8]

To remove some of these delays, the department has initiated reforms in the rulemaking process. ED has begun using policy working groups to speed up the develop-

ment of regulations. These groups consist of interested internal program and support staff members, and occasionally include a representative from the Office of Management and Budget (OMB). A few staff members draft the regulation, taking into account the concerns and ideas of the entire working group. Departmental non-participants in the working group relinquish the opportunity to comment on the regulation, and are not included in the departmental clearance process.

In addition, ED, along with several other agencies, has recently agreed to participate in an OMB pilot project begun in July 1993. Under this project, ED submits to OMB a monthly list of upcoming regulations requiring OMB clearance. OMB and ED jointly determine which regulations ED may publish without OMB review, and which regulations ED should submit to OMB for review.

The department has convened a quality improvement team to analyze and recommend further improvements to the regulatory process. The team's goals include determining whether appropriate ways exist for the department to: (1) avoid rulemaking for the first year of a new program; (2) simplify procedures for the preparation and clearance of funding criteria and priorities for these programs, including reduction or elimination of OMB review; and (3) better coordinate regulations and paperwork clearances to expedite these processes.[9]

The department is also using other methods to reduce delays and assist customers in planning. For some programs, the department prints in the *Federal Register* the program announcement and all forms necessary for submitting an application. (For other programs, potential applicants have to request an application package.) In addition, usually in September of the preceding fiscal year, the department prints in the *Federal Register* a combined application notice (CAN) which lists all programs that ED plans to compete in the upcoming fiscal year and gives the approximate date an announcement for each program will appear in the *Federal Register*. The department also prints a mini-CAN in April, updating the combined application notice with changes to competitions or information on new competitions.[10]

Further, to assist potential applicants in identifying programs and the availability of funds, the department recently instituted an on-line bulletin board (ED Board) with grant (and contract) information. The bulletin board has a limited database of program information which a potential applicant can search by program office, *Federal Register* announcement publishing date, or current availability of grant funds.

The department also notes a serious paperwork problem in many discretionary grant competitions. For example, applicants who may not have a realistic chance for funding often spend extraordinary time and effort preparing lengthy application packages. The department reviews all applications submitted. Some programs have initiated a pre-application process in which potential applicants submit a shortened application package. These pre-applications are then reviewed by the department. In the next round of competition, the department accepts applications only from those applicants who submitted the best pre-applications.

In addition to pointing out delays in processing, some customers have noted that the evaluation criteria used by ED for peer review often remain a mystery and a frustration. Peer reviewers, experts in their fields, bring specialized knowledge and expertise, which ED staff may not have, to the review of proposals. Although ED publishes evaluation criteria in the *Federal Register* and peer reviewers are supposed to review proposals objectively based on these criteria, some customers perceive that peer review panels look for specific ideas in a proposal, which are not printed in the *Federal Register* announcement and about which applicants are not adequately notified. After awards are announced, applicants sometimes cannot tell what differentiates a good proposal from a bad one. Awards made to middle-range ap-

plications appear to be made with no differentiating evaluation criteria. This raises the question of whether peer reviewers can effectively read and evaluate applications in accordance with the department's programmatic goals, or whether the department's criteria are written as clearly and objectively as necessary. Although the department is not bound to fund applications that peer reviewers rate highly, in most cases it does.

The peer review process costs ED considerable money and in some cases may not significantly contribute to the decisionmaking process. Senior staff frequently perform logistical tasks, such as photocopying proposals and booking hotel rooms, to run the panel reviews. In fiscal year 1992, ED spent $4.3 million on peer review compensation and travel. ED estimates it will spend $4.9 million for fiscal year 1993.[11]

Even though grants specialists use an automated, standardized negotiation instrument, customers complain that the negotiation process is inconsistent. Often differences in the process depend on the particular grants specialist working with the customer or even the time of year. Grants awarded toward the end of the fiscal year tend to be awarded with little or no negotiation. This is sometimes caused by Congress' passing an appropriations bill after the fiscal year begins, the length of the application process, and the necessity to award all grants before funds expire at midnight of September 30.

The department reviews all eligible applications that are submitted on time, whether or not the application exceeds the dollar estimate. For example, the *Federal Register* announcement may say that the department expects to award 10 grants in the amount of $200,000 to $300,000. If an applicant submits a proposal with a budget of $500,000, the department will still review the $500,000 proposal. Thus, proposals based on a budget that exceeds the upper level of the department's award range compete alongside applications within the department's announced award range. It is questionable whether a proposal would score as high in the rankings if that proposal were based on a smaller budget.

Some grantees view funding levels as arbitrary.[12] Once ED cuts a grantee's proposed budget and requests revisions to the proposal to accommodate these cuts, the proposal may no longer look like the one the panel reviewed. Also, grantees noted that they are usually given only 24 hours to respond to negotiation requests, which frequently does not give them sufficient time to produce quality revisions or to get the required authorizing signatures within the applicant's organization.

Some grants are negotiated by personnel who may not have a full appreciation of the work proposed in the application. This is because the program officials who authorized the grant award usually are not involved in the negotiation. The grants specialist conducting the negotiation is well-versed in what may represent fair and reasonable costs for certain line-items but may not be able to suggest substantive program areas that should be cut out of the application to satisfy funding requirements.

Applicants and the department identified delays in notifying applicants of whether a proposal was selected for funding, especially if the applicant was unsuccessful. Current department practice is to delay informing unsuccessful grant applicants until grant awards are made. This practice appears to be driven by a concern that disclosure to an unsuccessful applicant before the funds have been obligated may invite congressional pressure to alter the funding slate. This practice, however, is harmful to the applicants and the students they serve. Delays in making this information available early impede good planning and decisionmaking by the applicant who needs to learn as early as possible whether it can expect to be funded.

At the end of each budget period during a grant (except for the final year of the grant), the grantee must submit to the department an application to continue funding for the next budget period. Through this process, known as the continuation application

process, the department is supposed to review a grantee's performance to date and decide whether to award funds for continuation of the project for another one-year budget period. According to the Education Department General Administrative Regulations (EDGAR), projects may be funded for up to 60 months, but usually are approved with a budget period of not more than 12 months.

Everyone involved in the grant process agrees that the continuation application process has serious flaws. Frequently, grantees must submit continuation applications after only a few months of operation. This does not allow the grantee time to collect useful data to help inform ED in making continuation funding decisions. The department recently convened a quality improvement team to study the shortcomings and possible changes to the continuation application process.

Grants management extends to overseeing grantee operations during the project. The department monitors a grantee to ensure that it is achieving its goals and adhering to all applicable rules. Traditionally, monitoring of grantee performance has consisted of federal staff visits to grantee program sites. In some cases, Congress requires in a program's authorizing legislation that the department visit a certain number or percentage of grantee project sites each fiscal year. This requirement limits the department's ability to prioritize its visits to grantees based on relevant risk factors. For example, the department may have to visit low-risk grantees under a program with a congressionally mandated monitoring requirement, while higher-risk grantees funded under programs without a congressional monitoring requirement may go without a site visit.

The department's fiscal year 1992 report to the President and Congress under the Federal Managers' Financial Integrity Act (FMFIA) cites the monitoring of all of its grants as a high-risk area needing significant improvement.[13] The department has taken a number of steps to address this problem. In the FMFIA report, ED notes that a Monitoring and Performance Measures Team (MPMT) was established "to ensure a unified and coordinated approach to developing a comprehensive system of monitoring standards and performance measures, which should improve accountability for the department's discretionary and formula grants."[14]

To further the performance measurement effort, the department contracted with the National Academy of Public Administration (NAPA) for a pilot project to begin developing performance standards for some programs. The first program that NAPA focused on was a formula grant program, the Eisenhower Math and Science Program. The contractor's draft report, as noted by ED in the fiscal year 1992 FMFIA report, "indicates that it will be even more time consuming to develop program specific standards than originally estimated."[15] The department expanded the pilot project to four other programs or areas.[16] The department recently chartered a reinvention laboratory on performance measurement which will attempt to reach the following goals:

1. identify the major programs or administrative functions to be studied by the laboratory;
2. define the mission, goals, and objectives for each selected program and function;
3. establish performance indicators for the selected programs or functions;
4. develop strategies for measuring performance indicators;
5. report performance in a clear and readable format; and
6. propose action plans for putting the indicators to work in daily operations, including annual performance reports and planning for new funding priorities. This new effort will coordinate with the existing MPMT.

These efforts should allow the department to focus on the performance outcomes of its grantees, as well as its own internal offices. This new focus should allow the department to strike a balance between standard monitoring of grantees for compli-

ance with procedural requirements and monitoring for programmatic performance.

The FMFIA report also cites a material weakness in grant (and contract) closeout, which is the final step in managing a grant. The report notes that in some cases "final products have not been received. These products could have been disseminated to further improve education." Without final reports, grants cannot be closed by the GCS staff. In addition, "without final reports [the department] cannot be sure that the terms of individual grants . . . are met."[17] This includes ensuring that federal funds were spent properly. Final program reports are not due from grantees until after the project period has ended.[18] GCS staff members, who are responsible for documenting the collection of the reports in official program files, cite a current difficulty in getting final reports from grantees who have already spent all of their funds. The only leverage the GCS staff has to get final reports from grantees is the authority to place the grantee on a list so that the grantee's noncompliance is taken into account when making future decisions about that grantee receiving federal funds under that specific program or when determining future eligibility for further funding from ED.[19]

Final reports are especially critical for demonstration projects. One type of report describes a grantee's activities, including how federal funds were expended and whether the original objectives of the project were met. Other reports examine the results of a project, such as whether the project effectively achieved the desired outcomes. If a federally funded demonstration project is to have any national impact, ED must have documentation of program outcomes and barriers to implementation of the original proposal and how these were overcome.

ACTIONS

1. Legislation should be enacted to repeal Section 431 of the General Education Provisions Act.

Repeal of this section would leave the department's rulemaking process subject to Title 5, United States Code, sections 552 and 553, and put the department's rulemaking process on generally the same statutory footing as other federal agencies.

2. To shorten the grant application review process, the Department of Education should change the policy for receipt of applications to require that applications be received by the closing date (not postmarked by the closing date), while extending the time available for applicants to prepare application packages.

This policy is already used for responses to requests for proposals for contracts and would allow the department to be consistent in its dealings with customers. This requires a change to EDGAR and a change in the application packages so that grantees understand the new policy. Since three to five weeks are allowed for receipt of applications after the current closing date, this would eliminate a considerable portion of this time from the grants process. To avoid possible negative customer reaction that this will cut into the time to prepare proposals, the time between the publication of the program announcement and the closing date would be extended, especially in cases in which the project requires collaboration among agencies or institutions. The advantage to customers is that they should have a shorter wait between the time a proposal is submitted and when awards are announced.

3. The Department of Education should consider ways to reduce the unnecessary paperwork in applying for funding under some discretionary grant competitions.

The department should consider various reforms such as limiting the length of applications and returning to the applicant unread any application that exceeds the limit, or requiring pre-applications—as a number of programs already do—and only accepting applications from those who submitted the best pre-applications.

4. The Department of Education should give program offices the flexibility to eliminate the peer review panel process in cases where it adds little benefit to the grant award process.

The process places an incredible logistical burden and cost on the department. Program staff spend one week coordinating the panel review process and three weeks reviewing the work of panel reviewers to validate their work. Elimination in some programs will require legislative changes. Savings from the elimination of the panels could be used to offset the costs of contracting for services in Action 5.

Program offices should assemble teams, with input from experts in the education field, to develop guidelines for determining where panel reviews add little value and to develop alternative, objective methods for reviewing proposals. Program offices should also identify ways to improve the peer review process, especially to (1) improve the quality of review criteria; (2) ensure that reviewers use the published criteria to objectively rate proposals; (3) improve methods of scoring; (4) reduce administrative costs, including travel and per diem expenses for reviewers; and (5) shorten the three-week period needed by program offices to review the work of the panels.

5. Where panel reviews continue to be used, the Department of Education should immediately contract out panel review logistics to a single contractor which would perform the function for all program offices, including photocopying of applications, booking hotel facilities, and other clerical functions.

This will reduce the burden of panel reviews on the program offices.

6. The Department of Education should develop materials to explain better to customers how the department reviews applications so that applicants have a better understanding of what happens to an application once it reaches the department.

This could be a separate pamphlet or an inclusion in the *Federal Register* program announcement.

7. The Department of Education should reduce the need for negotiation with grant recipients by publishing in the* Federal Register *program announcement the maximum amount of grant awards and return to the applicant, as disqualified from competition, any proposal which exceeds the maximum amount.

Since decisions about the amount of awards are made before negotiations occur, it makes no sense to negotiate the bottom line of an award after the decision to fund a project has been made. Awards will be granted on the merits of the proposal submitted.

This will also create fairer competitions because all proposals would be developed based on the same basic budget. This will no longer cause grantees to have to make major last-minute changes to their proposals to meet the department's demands. Grants and Contracts Service staff will still review budgets for allowable and reasonable costs and negotiate any changes necessary.

8. The Department of Education should initiate immediate steps to further standardize the negotiation process through staff training.

ED should review and standardize its negotiation procedures. It should then train all negotiators in the process with periodic refresher courses to ensure continued standardization of the process. This training could be included as part of the grant management training in Action 10.

9. The Department of Education should notify applicants of the status of their applications and funding as early as possible to help applicants plan and, if necessary, seek alternative funding.

10. The Department of Education should improve training for program and grants specialists so they can better serve their customers.

The department's Horace Mann Learning Center currently offers several grants management related courses which could serve as a starting point for this initiative.

11. Grants and Contracts Service (GCS) staff members should rotate to program offices and program office staff members should rotate to the GCS on detail periodically to remain in touch with, and gain a better understanding of, the work of the other part of the department.

These rotations could be short four-to six-week details every two years and occur simultaneously to ensure that neither office is left shorthanded.

12. The Department of Education should eliminate the continuation application process for budget years within the project period.

The current continuation process does not serve a meaningful programmatic or financial control purpose, but adds an administrative burden to program offices, GCS, and grantees. The process should be replaced by yearly program progress reports focusing on program outcomes and problems related to program implementation and service delivery, combined with the regular financial reporting as required by OMB Circular A-110. At the beginning of each new budget period within the project period, provided funds are appropriated by Congress, grantees should receive authorization to obligate funds for that budget period unless the grantee notifies the department of a need for revision which must be reviewed and approved by ED, or unless ED becomes aware of some deficiency through program reports, audits, or other means.

If Congress delays appropriating funds for the department, the department would be unable to authorize funds for the grantee's use until the appropriation is made. The department should reserve the right to require continuation applications from any grantee with a history of demonstrated financial or programmatic deficiencies or to terminate a grant for cause or if funds are not available. Elimination of this process may require changes to some program authorizing statutes.

13. The Department of Education should develop criteria for evaluating the quality of a grantee's final program progress report.

The department's current directive on Discretionary Grant Closeout focuses on the receipt of final reports and a review to determine "whether or not each grant recipient has achieved the objectives of the grant and satisfied the grant requirements." The standards developed for these reports should address such issues as whether the grantee reported on all of the original program objectives, which objectives were changed and why, what implementation problems were encountered, and how the grantee dealt with these problems. To successfully attain these goals, program staff members will require training in the provision of technical assistance to grantees for the writing of reports that meet the standards ED develops. Finally, ED staff should provide to grant recipients, at the start of a grant, information in regard to the expectations for submission of a high-quality final report that meets ED's standards.

14. The Department of Education should revise the Education Department General Administrative Regulations (EDGAR) to allow the Secretary of Education to refuse future funding under any department program, excluding student aid, to a grantee that has failed to submit a final program progress report or has submitted a report of unacceptable quality.

This could begin as a pilot project within ED, which could then expand to other fed-

eral agencies with grant authority. It would add more authority to the department's ability to secure final reports from grant recipients, and to make grantees more accountable for performance. Failure to submit a final report will be considered at least as serious an issue of noncompliance as any misuse of or fraud involving federal funds.

15. The Department of Education should use identified risk factors to establish priorities in monitoring of grantees.

The department must stop trying to spread its resources thin in an attempt to visit as many grantees as possible. Prioritized monitoring with swift action and repercussions for violations, combined with performance outcome measures supported by evidence, should prevent waste, fraud, and abuse. Possible risk factors could include organizational experience with grants, size of grant awards, demonstrated programmatic or administrative deficiencies, or recorded public complaints. For some programs, this will require statutory changes as Congress often includes in program authorizing legislation a requirement for visiting a certain percentage or number of grantees per year. This increased flexibility will also give program office staff more time to assist grantees with substantive programmatic issues and technical matters.

16. The Department of Education should continue the efforts of the Monitoring and Performance Measurement Team to improve monitoring and develop performance measures to:

(1) identify successful programs and practices; (2) aid in the dissemination of information to interested parties; (3) provide technical assistance to grantees, potential grantees, and other interested organizations; (4) assist grantees with substantive programmatic issues; and (5) ensure compliance with grant terms and conditions.

FISCAL IMPACT

Eliminating the peer review process for certain programs would save the Department of Education the costs of transporting reviewers to Washington, D.C., renting hotel facilities, and compensating them for their time. Some of these savings could be used to offset the increased costs of contracting out for the remaining panel review logistics as stated in Action 5 above. In addition, with reduction of the negotiation process, the Grants and Contracts Service staff should have reduced negotiation work loads, with the possibility of shifting some staff time to other priorities.

Endnotes

1. Teleconference with Kentucky institutions of higher education, Eastern Kentucky University, University of Kentucky, Georgetown College, University of Louisville, and Kentucky State University, May 14, 1993.
2. See memorandum from Diana Culp Bork, Deputy General Counsel for Regulations and Legislation, U.S. Department of Justice, to John Morrall et. al., June 19, 1992, attachment titled "Required Length of Time for Normal Discretionary Award Process—26 Weeks."
3. Ibid.
4. *General Education Provisions Act* (GEPA), Section 431(d)(1).
5. Immigration and Naturalization Service v. Chadha, 103 S.Ct. 2764 (1983).
6. GEPA, Section 431(g).
7. Ibid., Section 431(a)(2).
8. Ibid., Section 431(a)(1) and (b)(2)(A).
9. U.S. Department of Education (ED), "Discretionary Grants Regulations Quality Improvement Project: Project Charter," Washington, D.C., p. 1.
10. Interview with Steve Schatken, Regulations Management Division Assistant General Counsel, Office of General Counsel, U.S. Department of Education, Washington, D.C., June 28, 1993.
11. Interview with Sherlyn Taylor, Director, Discretionary Grants Divison, U.S. Department of Education Washington, D.C., July 16, 1993.
12. Teleconference with Kentucky institutions of higher education.
13. U.S. Department of Education, *Federal Managers' Financial Integrity Act Report to the President and the Congress, Fiscal Year 1992* (Washington, D.C., 1992), p. B-12.
14. Ibid., p. 2.
15. Ibid., p. B-14.
16. The project has expanded to include: the accreditation, certification, and eligibility process for institutional participation in student financial aid programs (Office of Postsecondary Education (OPE)); the Perkins Loan

Program (OPE); Special Alternative Instructional Program (Office of Bilingual Education and Minority Language Affairs); and the Basic State Grant Special Education Program—Part B (Office of Special Education and Rehabilitative Services).

17. ED, *Federal Managers' Financial Integrity Act Report to the President and the Congress, Fiscal Year 1992*, p. C-19.
18. 34 CFR 74.82(b).
19. 34 CFR 75.217(d)(3); C:GPA:1-13, VII. C.3, p. 11.

ED06: PROVIDE INCENTIVES FOR THE DEPARTMENT OF EDUCATION'S DEBT COLLECTION SERVICE

BACKGROUND

The Department of Education (ED) is responsible for managing several student loan programs that together make up the Federal Family Education Loans (FFEL) program. The FFEL will soon be replaced over several years by the Federal Direct Student Loan Program (FDSLP), but will continue to require substantial management for many years until all loans are repaid or forgiven. The FDSLP, President Clinton's legislative initiative, will begin in fiscal year 1994 as authorized by the Student Loan Reform Act of 1993.

Under the current FFEL program, borrowers receive loans through 8,000 participating lenders, such as banks, savings and loans, and credit unions. Each of the loans is guaranteed by one of 46 guaranty agencies. When a borrower defaults on a loan, the lender is reimbursed for the defaulted loan by the guaranty agency. The guaranty agency is then reimbursed by ED after attempting to get the loan back into a repayment status. Within ED, the Debt Collection Service, a unit of the Office of Postsecondary Education, is responsible for collecting defaulted FFEL student loans once they have been assigned to the department from the guaranty agency.

The Debt Collection Service attempts to collect on the loan with its in-house collection staff. If unsuccessful, the Debt Collection Service contracts with private collection agencies to pursue the uncollected debt. Although the Higher Education Act (HEA) authorizes ED to fund HEA-related debt collection activities from default collection, thus far default collection revenues have been used solely to pay for contracts with private collection agencies. All other costs, including in-house staffing related to debt collection, are currently funded out of ED's salaries and expenses budget.

One of the largest debt collection-related contracts, for example, supports the maintenance of a database for the FFEL and Perkins Student Loan programs. This contract also provides for billing borrowers, receiving payments, and depositing payments in the Treasury. Other debt collection-related contracts perform such functions as handling debt collection correspondence, preparing ad-hoc documents for litigation, tracking down addresses of defaulters, and supplying credit reports. Obviously, the availability of these services affects the effectiveness of the Debt Collection Service in collecting on its portfolio of almost $5.7 billion in defaulted student loans.[1] Examples of

the magnitude of debt collection-related workload appear in Table 1.

Table 1:
Debt Collection Service Workload Data

Fiscal Year	# of Accounts	# of Bills & Letters Sent	# of Telephone Calls Received
1990	1,045,000	8,000,000	900,000
1991	746,000	8,206,000	969,800
1992	1,001,000	11,000,000	1,300,000
1993*	1,400,000	15,400,000	1,820,000
1994*	2,250,000	24,750,000	2,925,000
1995*	2,900,000	31,900,000	3,770,000

*Projected

Source: U.S. Department of Education, *Debt Collection Service Fiscal Year 1994/95 Salaries & Expenses Budget Request.*

Recent policy initiatives and levels of program activity indicate that debt collection warrants special attention. Consistent in part with enormous increases in borrowing, defaults have grown by well over 100 percent over the last seven years. Regional debt collection staffing has declined by 18 percent.[2] In fiscal year 1992, defaults on student loans cost federal taxpayers $2.5 billion. Although the new Federal Direct Student Loan Program has been designed to reduce the complexity of student loans, collection of student loans will remain a critically important function for ED.

During the transition from the FFEL program to direct loans, the burden of debt collections could actually increase as lenders and guarantors in the current program begin to withdraw. Currently, the department carries about 1.4 million accounts in its defaulted student loan portfolio. This is up from about 1.0 million at the end of fiscal year 1992 and is projected to increase to 2.9 million accounts by fiscal year 1995. Much of this increase is due to liquidation of the Higher Education Assistance Foundation (HEAF), a national guarantor of student loans that faced collapse in 1990 and has been wound down under ED supervision over the last three years. ED must assume all of HEAF's outstanding defaults. Although the more flexible repayment options incorporated into the new FDSLP, including income-contingent loan repayment, will reduce the likelihood of default, ED will remain responsible for collecting on those defaults that occur in the new program. To collect on the projected magnitude of defaulted loans, ED will likely require substantially increased resources.

The department uses several other tools to collect on student loans in addition to in-house and collection agency methods. The most successful of these is the Internal Revenue Service (IRS) tax refund offset, which resulted in collection of $512 million in fiscal year 1992. ED also garnishes the wages of federal employees who have defaulted on student loans and is developing a pilot wage garnishment program for private employers.

A 1990 study showed the department's revenue collection operation to be reasonably effective. Although it had a higher recovery rate than six of nine guaranty agencies studied, there remain both private and public sector methods and organizational structures that should be tested by the department to further improve its debt collection performance.[3] The IRS, for example, which has a strong record in enforcing compliance with the Internal Revenue Code, could be further used in the collection of student loans. It is incumbent on ED to explore these various alternatives. To do otherwise would be shortsighted and a disservice to the taxpayers. This is truly a situation in which ED has to spend money to make money. There is little doubt the average citizen expects the department to maximize its net revenues from debt collection.

Revenues can also be increased through productivity increases. One method of increasing productivity is through the use of gainsharing programs. Gainsharing programs use incentives and employee involvement systems such as incentive payments and cooperative labor-management relationships to improve productivity and achieve more efficient, effective use of resources. Guidance regarding implementation of gainsharing programs within the federal

government has been issued by the Office of Personnel Management.[4]

A prototype of gainsharing was implemented in 1987 within the Debt Collection Service and was considered successful. Nicknamed the Midas Program, this gainsharing program was in effect for the last five months of fiscal year 1987 and helped increase revenues by $16 million. Given the business-type environment of the Debt Collection Service, with productivity increases fairly easy to measure, a gainsharing program may be a logical step in efforts to increase revenues.

ACTION

The Department of Education's Debt Collection Service should develop a management strategy and evaluation plan, to be adopted by the end of fiscal year 1994, which does the following:

- maximizes collections, consistent with broader student loan administration policies;
- identifies ways in which the Debt Collection Service can use a larger proportion of the revenue it collects to fund more of the costs of its operations;
- tests the effectiveness of different revenue-enhancing measures;
- devises a gainsharing program within the Debt Collection Service;
- identifies ways in which personnel, contracting, budget, and logistical policies can be adapted to enhance the effectiveness of the Debt Collection Service; and
- to ensure that lower-income students are not adversely affected by the increased debt collection activity, ensures that repayments for those least able to repay are based on income, similar to the income contingent provisions of the FDSLP.

IMPLICATIONS

Legislation for the administration's direct loan proposal included additional funding for debt collection activity. The Debt Collection Service's most optimistic projections show new defaults rising rapidly. The recommendation calls for ED to devise an effective approach for dealing with the rapidly growing defaulted student loan portfolio. In implementing its debt collection strategy, the department should be able to take advantage of rapidly changing technology (e.g., call routing, caller ID, optical scanning) to generate additional collection revenue.

Increased collection efforts would have a side benefit as well. An increased emphasis on collecting defaulted loans would send a strong message to defaulters and potential defaulters. This message, along with the income-contingent repayment options included in the direct loan program, could have a significant impact on the percentage of loans that end up in default.

FISCAL IMPACT

The fiscal impact of this recommendations cannot be determined at this time as it depends upon the plan the Department of Education develops.

Endnotes

1. Represents estimated account dollars for loans included in ED's portfolio of defaulted student loans. By 1999, the dollar value of the defaulted student loans held by the department is estimated to reach at least $9.8 billion.
2. See U.S. Department of Education, *Debt Collection Service FY 94/95 S&E Budget Request*, undated.
3. U.S. Department of Education, Office of Postsecondary Education, *Stafford Student Loan Program, Pilot Debt Collection Study* (Washington, D.C., November 30, 1990), p. 4.
4. U.S. Office of Personnel Management, "Federal Personnel Manual Letter 451-456," Washington, D.C., April 10, 1989.

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ED07:
SIMPLIFY AND STRENGTHEN INSTITUTIONAL ELIGIBILITY AND CERTIFICATION FOR PARTICIPATION IN FEDERAL STUDENT AID

BACKGROUND

There are 8,500 colleges, universities, community colleges, and proprietary schools approved by the Department of Education (ED) to participate in the federal student-aid programs.[1] Participation in these programs allows students attending these institutions to receive funds from the federal government's two largest student aid programs (Guaranteed Student Loans and Pell Grants), as well as aid from several smaller loan, grant, and work-study programs. Each year, approximately 200 new applications are submitted, and another 150 applications are submitted by proprietary vocational institutions whose ownership has changed.

The eligibility and certification process is scheduled to undergo extensive changes under the 1992 program integrity amendments to the Higher Education Act, which take effect July 1, 1994. The current process has been criticized persistently by the ED Office of the Inspector General (OIG) and the U.S. General Accounting Office (GAO) as not providing sufficient assurance that the approximately $20 billion in federal student aid generated annually will be used as intended. Although federal losses on defaulted student loans declined in 1992 (from $3.6 billion in 1991), defaults still cost the taxpayers $2.5 billion.[2]

Institutional eligibility to participate in the financial aid programs has been based on accreditation, state licensure, and federal certification. To become eligible, an institution must be certified by an approved accrediting body. Since the institutions being accredited are members of these accrediting bodies, there is not always a strong incentive for close scrutiny of institutions. Institutions must also be licensed by the state. While some states have played a strong role in licensing, most states have not chosen to monitor vigorously or review schools licensed within the state. Obtaining a license often involves little more than submitting an application and paying a fee.

As a result, the department has been the last link in the chain of ensuring schools are both administratively and financially able to provide the education promised. Since the current review process relies on labor-intensive analysis of mostly subjective criteria (e.g., facilities and equipment, faculty train-

ing, support services, and administrative abilities), the department has not been able to adequately perform this function given staffing limitations and the sheer number of institutions involved in the program. In addition, studies have shown a weak relationship between the school inputs mentioned above and a school's effectiveness in providing an education to students.[3] (Changes in the process scheduled to take effect July 1, 1994, are along the lines of the suggestions presented in this report.)

As a result of the high student loan default rates and media coverage of financial abuse by some institutions, proprietary schools have been the focus of much of the criticism aimed at student financial aid programs. The amount of federal student financial aid being used to attend proprietary institutions providing vocational training has dramatically increased over time. Between fiscal years 1979 and 1988, the number of students receiving loans at proprietary institutions rose from seven percent of borrowers to over 34 percent of borrowers. During the same period, the dollar amount of loans associated with proprietary school students rose from 6.2 percent to just under 30 percent of total dollar value of Guaranteed Student Loans.[4]

Under the current procedures, the primary factor in determining whether an institution can continue to participate in federal student loan programs is what is called the cohort default rate. This is the percentage of borrowers who begin repayment during a given fiscal year and who default before the end of the next fiscal year. Congress and the department have done much in recent years to restrict participation of schools with excessive default rates. In 1994, a school can be eliminated from participating in the loan program if its cohort default rate is 25 percent or higher, but the school is not automatically eliminated from participating in other federal student aid programs (such as Pell Grants). Cohort default rates for fiscal year 1991 by institution type were as follows:[5]

Type	Default Rate
Proprietary	35.9%
Public 2-year	14.7%
Private 2-year	15.5%
Public 4-year	6.5%
Private 4-year	5.7%

While problems still remain, the statutory changes are expected to lead to a decline in both default rates and in the volume of federal aid to high-default schools.

Since students attending proprietary schools borrow more than one-fourth of guaranteed student loan funds, a default rate of 35 percent is very costly to taxpayers. Students attending proprietary schools account for about 70 percent of loan default dollars.[6] In 1991, 70 percent of default costs amounted to more than $2.5 billion.

Problems exist with the use of the cohort default. The cohort default rate counts all borrowers that default, even after the borrower resumes making payments. The current method of determining defaults does not take into account the percentage of students at a school that receive loans or the proportion of dollars in default. Therefore, there is no distinction between schools that rely on federal student aid programs for the bulk of their revenue and those that have very few students receiving loans.

There are two main reasons for high default rates. One reason is that the education being provided is not effective and therefore does not adequately prepare the student to obtain a job in his or her field of study or a job with a sufficiently high level of earnings. The second factor is that there is little demand for students in the particular field for which the student is being trained. In either case, by allowing the student to receive financial aid at an institution, the federal government in essence lends a degree of legitimacy to the institution involved and creates an expectation of employment (following graduation) by the student. Too many times, the student ends up with sizable debts, little or no education of value,

and no job. As a result, students are unable to pay back their loan and the taxpayer is left to pay the bill. This situation was characterized by the GAO as follows:

> *Many people believe that students who typically default on their loans got a good education for their money, became doctors or lawyers, and simply chose not to repay. While this happens sometimes, the more common situation is far different. Many defaulters are poor, attended a proprietary school, dropped out of their course of instruction, and have little or no means to repay. Some were pressured by unscrupulous recruiters to enroll in proprietary schools that provided a poor-quality education and dismal employment prospects. As a result, many such students failed to get value for their money and are reluctant or unable to repay their loans.*
>
> *Students who fail to repay their loans, however, may suffer greatly for that default. They may (1) be denied other federal student aid, (2) receive a negative credit rating, (3) have their income tax refund seized, and (4) have their wages garnished.*[7]

There are many examples of problems within the financial aid system. Three proprietary schools in Texas enrolled 2,600 students in security guard training that was about 300 hours in duration. The schools received $7.4 million in student-aid payments, even though the students could have been trained in a 30-hour course for about $260,000.[8] Another example is the Inspector General's finding that $725 million in student aid trained 96,000 cosmetologists in 1990, even though the current supply of trained cosmetologists greatly exceeded the number of available jobs.[9]

The process by which institutions are approved to participate in federal student aid programs was dramatically altered in the 1992 reauthorization of the Higher Education Act (HEA) of 1965. Institutional approval was put on a four-year cycle, for example, and audits were required annually rather than biennially. The 1992 reauthorization of HEA also contained provisions for state review programs of postsecondary institutions. The state review program is an effort to establish a shared state and federal responsibility for oversight of postsecondary institutions that participate in student financial aid programs by providing federal funding to support their review programs. The 1994 budget request for the department contained a proposal for states to share in default costs through a default penalty fee, beginning in fiscal year 1995.[10] While these changes are expected to significantly improve the certification and eligibility process, the use of performance measures would ensure students have a reasonable chance of graduation and employment before the government provides federal resources to an institution.

The Job Training Partnership Act (JTPA) program shares some of the same goals as training provided by proprietary schools. While the department is working with the Department of Labor on school-to-work transition (which involves JTPA), there currently is not a link to occupational training funded through student aid. JTPA allows for incentives to providers to encourage effective training programs and successful job placement. Up to 6 percent of a state's JTPA funds are set aside to reward agencies that perform well.[11] Introduction of performance measures into the student-aid program would encourage the same type of behavior by proprietary schools, et al.

The certification and eligibility function within the department involves ongoing compliance activities to ensure that certified institutions participating in student-aid programs do not mismanage federal funds. To ensure proper program management, there are numerous rules, regulations, and reporting requirements that have to be followed by all participating institutions, regardless of the risk involved. As a result, a school like the University of Virginia is subject to the same oversight and reporting requirements as a cosmetology school.

The department currently has a pilot quality assurance program with over 100 schools that focuses on prevention of errors rather than after-the-fact inspections. While the current method of program reviews and audits relies on penalties to deter mismanagement of the program, the quality assurance program provides institutions with management flexibilities and incentives based on performance and accountability.[12] This program has proven to be very successful thus far and has resulted in improvements in student-aid management by even well respected schools.

ACTIONS

1. Legislation should be enacted to allow the department to implement changes in the measures of school quality. The following changes should be considered and used if appropriate:

- Development of additional default indicators, including a default rate based on proportion of dollars in default and the percentage of students receiving loans.
- Creation of profiles of high-risk institutions that are potentially insolvent or likely to misuse student aid funds, which would then be used to concentrate oversight resources on institutions that pose the greatest risk.
- Establishment of outcome measures to determine performance of participating schools, regardless of course length. These measures would include program completion rates, employment and earnings following program completion, and occupational skills testing to determine if students had acquired the knowledge required for the occupation for which the training was undertaken. Unsatisfactory performance would be grounds for removing an institution's eligibility to participate in the program.
- Withholding of a certain percentage of funds from the school until a student has successfully completed the program of instruction and been employed for 90 days. A variation on this theme would be to provide a bonus to the school for successful training, placement, and retention of students.

2. The department should move aggressively to implement those provisions of the Higher Education Act that become effective July 1, 1994, which greatly strengthen the program integrity requirements.

The 1992 amendments strengthen all three parts of the program integrity "triad": accreditors, states, and the Department of Education. Effective implementation of the new state role—the State Postsecondary Review Program—is especially important, because it provides a new tool to examine and remove problematic postsecondary institutions from the program. Congress should provide all the resources the administration requests for this purpose. The Department should ensure through its grant mechanism that states concentrate resources on schools where the problems are greatest and where the most federal funds are at risk.

3. Section 435(m)(1)(B) of the Higher Education Act of 1965 should be amended to avoid the effect of the interpretation of the existing statute made in recent court decisions. The amendment should remove allegations of improper servicing and collection of loans as a basis for contesting the accuracy of cohort default rates.

The United States Court of Appeals for the District of Columbia Circuit recently ruled that, based on the current wording of section 435, the Department of Education must allow institutions to appeal cohort default rates based on allegations of improper loan servicing and collection. The effect of this ruling is to jeopardize the efforts of Congress and the department to reduce default rates.

4. Legislation should be enacted to provide that once a school has been determined to be ineligible for participation in the student loan program, it would also become ineligible for all federal student aid programs, unless it can be demonstrated that the default rates are high because the school serves a historically disadvantaged population and the school shows a continuing good-faith effort to reduce the default rate.

Currently, a school remains eligible for Pell Grants and other student aid programs even though it cannot participate in the Guaranteed Student Loan program due to unsatisfactory default rates.

5. The department should review the accuracy of, then expand, the current institutional Quality Assurance Program to provide regulatory relief to more institutions with reliable performance.

Performance data will be published so that students and parents can make informed choices among institutions of postsecondary education.

IMPLICATIONS

This recommendation would further strengthen the certification and eligibility function and make performance a key indicator of whether an institution is allowed to participate in the student financial aid program.

FISCAL IMPACT

The estimated change in budget authority is $175 million through Fiscal Year 1999.

Endnotes

1. Toch, Thomas, "Defaulting the future," *U.S. News and World Report*, vol. 114, no. 24 (June 21, 1993), p. 57.
2. U.S. General Accounting Office, *High-Risk Series, Guaranteed Student Loans*, GAO/HR-93-2 (Washington, D.C.: U.S. General Accounting Office [GAO], December 1992), p. 6.
3. U.S. Department of Education (ED), *Beyond Defaults: Indicators for Assessing Proprietary School Quality* (Washington, D.C., August 1991), p. ii.
4. U.S. Department of Education, *Research Findings From the 1987 National Postsecondary Student Aid Study* (Washington, D.C.), p. A-2.
5. U.S. Department of Education, "U.S. Department of Education News," Washington, D.C., July 19, 1993.
6. U.S. General Accounting Office, *Student Financial Aid: Education Can Do More to Screen Schools Before Students Receive Aid*, HRD-91-145 (Washington, D.C.: GAO), p. 2.
7. GAO, *High-Risk Series, Guaranteed Student Loans*, pp. 21-22.
8. Toch, p. 60.
9. U.S. Department of Education, *Office of Inspector General, Semiannual Report to Congress* (Washington, D.C., April 30, 1993), p. vii.
10. U.S. Department of Education, *The Fiscal Year 1994 Budget: Summary and Background Information* (Washington, D.C., 1993), pp. 42-50.
11. ED, *Beyond Defaults: Indicators for Assessing Proprietary School Quality*, pp. 36-37.
12. See U.S. Department of Education, *Proposal for the Office of Postsecondary Education To Be a Reinventing Government Lab* (Washington, D.C., May 7, 1993).

Budget Authority (BA) and Outlays (Dollars in Millions)

	Fiscal Year						
	1994	1995	1996	1997	1998	1999	Total
BA	0.0	-35.0	-35.0	-35.0	-35.0	-35.0	-175.0
Outlays	0.0	-7.0	-34.0	-35.0	-35.0	-35.0	-146.0
Change in FTEs	0	0	0	0	0	0	0

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ED08:
CREATE A SINGLE POINT OF CONTACT FOR PROGRAM AND GRANT INFORMATION

BACKGROUND

Customers of the Department of Education (ED)—State Education Agencies (SEAs), Local Education Agencies (LEAs), community-based organizations (CBOs), Native American tribal governments, colleges and universities, individuals, and others—should have reasonably easy access to complete information on the department's programs, contracts, availability of funds, and other education resources. This information will allow customers to make the most effective use of their time and resources, to find the best match between their functional capabilities and ED programs, and to access ED's educational resources.

Currently, a potential applicant must contact multiple sources to access information on individual programs and obtain application information and forms. ED lists nearly 230 programs in its *Guide to U.S. Department of Education Programs*. The *Catalogue of Federal Domestic Assistance (CFDA)* also lists the department's programs, along with other federally funded domestic programs. In fact, ED's *Guide* directs potential applicants to the *CFDA* for "a more detailed description of each program." In addition, the *Federal Register* prints, at various points in the grants process, regulations, priority area announcements, and application deadline information related to these programs. For some programs, a potential applicant can get the appropriate application form in the *Federal Register*, while for other programs, a potential applicant must call the department. Under these circumstances, a potential applicant might not identify the programs that best match its capabilities and the populations it serves.

Within the department, program and staff office personnel spend time responding to inquiries from the public regarding each of these programs. Customer complaints of multiple telephone transfers also indicate that department personnel answering telephone inquiries frequently do not know who should handle calls pertaining to certain inquiries.

From the customer's point of view, this creates an image of a department that does not know who has information about its own programs. To make matters worse, a card distributed by the Office of Education Research and Information has five different telephone numbers at the Department of Education to call for information. The five different telephone numbers only pertain to five specific areas of interest within the department. If customers want to find out something other than the items listed on the card, they have to call one of the numbers listed and ask for help finding the appropriate office, or start from scratch. Also, the

phone numbers do not simplify the search if the caller does not know in advance which office he or she needs.

The department has a growing number of on-line services available, some open to limited audiences, others open to the public. These on-line services operate out of different offices within the department, and there is no overall strategy for determining what information needs to be available and how best to provide that information to the department's customers. The department recently instituted an on-line bulletin board (ED Board) with limited grant and contract information. The bulletin board has a limited database of program information that a potential applicant can search by program office, *Federal Register* announcement publishing date, or current availability. However, a potential applicant cannot search the database by key words related to eligibility criteria. The department is also developing a system that is intended to disseminate educational information to teachers, administrators, parents, librarians, and community members. This system will contain four prototype databases:

- Programs and Practices,
- Funding Opportunities,
- Sources of Help, and
- Research Results.[1]

A third system, Educational Resources Information Center (ERIC), provides access to the largest education database in the world.

The services mentioned above—coupled with a growing number of services available through the private sector to inform the public, businesses, and governments about the grants and contracts award process—make it apparent that the department needs to implement a unified information retrieval system for its many customers. The Texas Comptroller's Office has established a comprehensive computerized directory of state and federal grants that anyone in the nation with a computer and a telephone modem can use to search for possible sources of funds. This system was built in-house, using off-the-shelf software, and allows users to look up information on 2,000 grants as well as send electronic mail messages.[2] Many other government agencies are moving to this technology to make their services more easily accessible.

ACTIONS

1. The Department of Education should create an on-line database with multiple modem access capability which will allow potential applicants to obtain information on available grants, fellowships, and student aid through a single contact.

This database could also be used to disseminate information about important topics in education, research findings, and best practices. If the database software is not capable of handling the volume of information anticipated to be put on-line, it could serve as a gateway to one or more other databases (such as ERIC), thereby simplifying access to information.

As part of the on-line database, the department also should maintain an up-to-date file with specific names, phone numbers, and addresses to contact for information on a specific topic, grant, or issue. Once all ED employees are connected by a local area network, this list of contacts could be contained in a database. Anyone answering a call coming into ED could search the database to find the name and phone number of the appropriate person to whom the call should be referred. In case of a planned absence from work, the designated contact could enter the name of an alternate contact directly into the database.

2. The Department of Education should establish a single phone number that anyone desiring information or forms could call to receive assistance.

This will involve setting up an office that would handle phone calls, simple tasks such as mailing out grant applications, and for-

warding calls that require more in-depth knowledge. This approach is patterned after services provided by such companies as General Electric, which offers one toll-free number to help customers with questions about its products.

Since the department does not know how many telephone calls it receives, it is impossible to determine the exact size of the staff needed to handle this centralized help line. As a result, the size of the office will have to be adjusted based on the actual number of calls received.

IMPLICATIONS

Should the department institute such changes, a number of parties would benefit. A potential applicant for ED funds would only need to make one contact with the department to receive information on ED programs. At this time, the department does not count the number of phone calls or written inquiries it receives, but each year it receives approximately 30,000 applications and mails 1 million applications to potential applicants. The recommended changes should benefit these applicants and others who did not apply or could not apply because they did not get timely or proper information.

These actions would put the department in the forefront of customer service within the federal government. The technology needed to implement the suggested improvements is readily available and widely used in private industry as well as many state and local governments. The department could serve as a pilot project for the entire federal government in providing first-rate customer assistance. The system could be expanded at a later point to include electronic transmission of grant applications and instructions for completion of applications.

FISCAL IMPACT

The department would incur the cost of developing the database software, purchasing the necessary communications and computer equipment, providing training, and maintaining the database and equipment, as well as personnel salaries for staffing the clearinghouse. Users would be required to pay their own long distance fees. Program offices would experience an increased availability of program staff time currently spent on answering public inquiries that the clearinghouse would now answer.

Endnotes

1. See U.S. Department of Education, "Sources of Materials and Research about Teaching and Learning for Improving Nationwide Education," undated. (Information paper.)
2. Texas State Comptroller's Office, "Comptroller's Free Computerized Bulletin Board Now Offers A Directory of Available Grants and Loans," Austin, Texas, May 5, 1993. (Press release.)

Budget Authority (BA) and Outlays (Dollars in Millions)

	Fiscal Year						
	1994	1995	1996	1997	1998	1999	Total
BA	0.3	0.3	0.3	0.3	0.3	0.3	1.8
Outlays	0.3	0.3	0.3	0.3	0.3	0.3	1.8
Change in FTEs	6	6	6	6	6	6	6

ED09: Improve Employee Development Opportunities in Department of Education

Background

Employee development frequently has been identified as an area in need of improvement in the Department of Education (ED). The General Accounting Office (GAO), in its recently published general management review of ED, concluded:

> *ED has been unsuccessful in developing and upgrading the skills of its current work force due to insufficient training resources. ED managers and several reports identified serious skill weaknesses in such areas as accounting, finance, analysis, writing, and management. But, throughout the 1980's, ED lagged far behind the growth in training investment in the federal government as a whole.*[1]

The term employee development, as it will be used in this discussion, includes the full spectrum of activities that can potentially contribute to the career development of the individual in the workplace. Such activities as training, rotational assignments, college courses, participation on task forces, cross-training, and conference attendance are possible elements in a well-formulated employee development plan.

The employee development plan (or individual development plan) is a plan jointly developed by employee and supervisor that indicates the career development goals of the employee and the specific activities or experiences that will advance the individual toward those goals. It is a plan, not a contract. It provides a direction for the individual in the context of the organization's needs and resources to support the plan. As an illustration, a potential executive's development plan might include an assignment to a regional office (i.e., rotation) lasting several months, while an appropriate developmental activity for a mid-level employee might be a one-week training course in supervision. The gamut of possibilities for employee development ranges from on-the-job training to a year-long sabbatical. Both organizational needs and resources, as well as individual needs, must be taken into account when implementation decisions are being made regarding employee development plans.

Employee training and development in ED is provided in two ways: centrally through the department's Horace Mann Learning Center (HMLC), which offers departmentwide training in generic areas including secretarial skills, supervisory and management skills, career development, communications, contracts and grants administration, and other areas. The HMLC budget for fiscal year 1993 is $960,000,

which equates to approximately $192 per employee (based on a workforce of 5,000).

Training funds are also allocated in the department's salaries and expenses (S&E) budget to each of the Principal Operating Components (POCs). These funds are generally used for technical training and conferences related to particular program areas. However, POCs have the prerogative to move funds to other categories within the S&E budget, e.g., to travel, computer services, consultants, and so on. In recent years, though the department sought higher S&E appropriations, Congress did not fully fund its requests. The overall employee development needs in ED are graphically described in the Strategic Training Plan for the department:

> *In addition to having to be more and more productive, we are also experiencing increased pressure for programmatic and fiscal accountability. . . . The need for fiscal and program accountability takes on additional urgency when we note that the number of contracts awarded by the Department increased by the end of 1991 a total of 147 percent from fiscal year 1986 levels and the number of grants awarded increased by a total of 53 percent from fiscal year 1984 levels. The focus on fiscal and program accountability requires a significant increase in training in financial and program management skill areas often ignored by Department employees in current training.*[2]

An example of the neglect of employee development is identified in the GAO High-Risk Series report on the department's Federal Family Education Loan Program (formerly the Guaranteed Student Loan program), administered by the Office of Postsecondary Education (OPE). "The Department has not had adequately trained staff, and some lacked appropriate skills. . . . Its staff have lacked experience, training, and proficient skills in finance, information systems, data analysis, planning, and policy making."[3]

According to a U.S. Office of Personnel Management report for fiscal year 1988, the ED had one of the lowest expenditures for training per employee of all agencies of comparable size.[4] GAO indicated that, from 1981 to 1989, the average expenditures for training in the federal government as a whole increased by 162 percent, while those in ED increased only 18 percent, as illustrated in Table 1.[5]

Reports from the ED regional offices and the director of ED's Horace Mann Learning Center (HMLC) indicate that training and development opportunities are even fewer for regional than for headquarters staff. The regional offices are at a particular disadvantage because they generally have fewer funds and because there are no staff with full-time training responsibilities.[6]

In their 1992 book, *Putting People First: How We Can All Change America*, President Clinton and Vice President Gore assert: "If America is to regain its competitiveness, we must revitalize the American workplace to increase productivity and expand opportu-

Table 1:
Training Expenditure Comparison Between ED and Federal Government as a Whole

	Department of Education		Federal Government	
Fiscal Year	Training Expenditures	% Change from 1981	Training Expenditures	% Change from 1981
1981	$1,089,425	•	$ 370,963,901	•
1984	885,469	-19	476,993,493	29
1985	849,631	-22	550,106,092	48
1986	752,592	-31	721,194,820	94
1987	892,446	-18	839,363,403	126
1988	824,818	-24	1,029,324,721	177
1989	1,288,846	18	972,055,228	162

Source: U.S. General Accounting Office, *Department of Education: Long-Standing Management Problems Hamper Reform* (Washington, D.C., May 1993), p. 40.

nity." One of the many goals they set for the new administration is to provide lifetime training for all workers by requiring that every employer spend 1.5 percent of payroll for continuing education and training.[7] ED is, at present, far from attaining that goal. In 1992, the total ED payroll was $262.5 million, which would translate into an expenditure of $3.9 million for training at the 1.5 percent goal. The department's total training expenditure for 1992 was $1.7 million, less than one half of the target level. Deputy Secretary Kunin stated that the department has requested a 26 percent increase for training and skills development in the President's 1994 budget, which represents a significant increase in funding.[8]

The mission and role of the department is clearly shifting as the systemic reform movement in education gathers momentum. States and local districts are moving forward. The department still has the opportunity to play a crucial leadership role in this historic change if its staff is adequately prepared for the task. The GAO argues that if the department is to truly lead the government's reform efforts in education then "[ED] will need a skilled work force. But the department does not adequately recruit, train, or manage its human resources to ensure that workers can accomplish its mission and implement Secretarial initiatives."[9]

Further, the staffing needs in the department are changing, but there is little turnover. This means that extensive technical training and retraining is essential for ED employees. As one Acting Assistant Secretary stated: "We should ensure that staff have the skills to carry out new roles caused by reform and provide the training necessary to keep those skills current."[10] A report to the department issued during the transition between administrations argued that "significant resource commitments must be made to provide retraining opportunities for all staff."[11]

ACTIONS

1. The Department of Education should set employee development as a priority.

Employee development should be an element in the department's strategic plan and in strategic plans within each Principal Operating Component and Regional Office. Training identified in the department's strategic plan and the strategic plans in Principal Operating Components and regions should be linked to budget requests during the annual budget preparation process.

2. The department should conduct an assessment of the training and development needs for each Principal Operating Component and Regional Office, and for each individual employee, so that future planning and budgeting can be well-grounded in data.

The department must first determine the qualifications required for each position and then determine if the individual in the position meets those qualifications. Skill gaps must be determined and individual development plans formulated. Agencywide training plans will address identified needs based on departmental priorities.

3. Managers throughout the department, including Regional Offices, should be held accountable for investing in and supporting employee development activities by including this as an element in each manager's performance plan.

The Horace Mann Learning Center will prepare regular reports to senior management on the extent to which employees in their offices have been engaged in training. Without such data, it will be hard to hold managers accountable for appropriate planning for and support for training.

4. The Horace Mann Learning Center should develop generic curriculum useful to all employees to support new directions indicated by the National Education Goals, such as performance measurement; and HMLC should develop alternative means of delivering learning services to employees, e.g., the use of distance learning and desktop personal computers.

5. Principal Operating Components should be encouraged to make use of their own internal staff expertise to provide training events for others in the department.

Some central support will be needed to stimulate and coordinate the use of ED staff in this way. The Horace Mann Learning Center should establish a formal ED Faculty program to coordinate, provide assistance, and disseminate information on the use of department staff to conduct training.

6. Employees should be encouraged to develop and implement individual development plans that indicate the skill and knowledge areas needing attention and the training and development activities that will address those areas.

7. The department should make full use of free training opportunities available through other government agencies and non-federal organizations.

IMPLICATIONS

Providing ED employees the knowledge and skills necessary to perform their jobs effectively will address a number of the reinvention principles. First, it will enhance customer service: state and local education agencies, as well as other grantees, and the public as well, will benefit from the expertise of well-trained, knowledgeable department staff. Second, knowledgeable employees will be empowered to work productively, make decisions and move forward programmatically.

FISCAL IMPACT

Fiscal impact cannot be estimated until the department has conducted the assessment of training and development needs and determined the requirements to meet those needs. Significant gains can be made through adopting these actions without requiring additional resources.

Endnotes

1. U.S. General Accounting Office (GAO), *Department of Education: Long-Standing Management Problems Hamper Reforms* (Washington, D.C.: U.S. General Accounting Office [GAO], May 1993), pp. 33-34.
2. U.S. Department of Education, "Strategic Training Plan for the Department of Education," FY 1993-1997, undated, pp. 2-3.
3. U.S. General Accounting Office, *High-Risk Series: Guaranteed Student Loans* (Washington, D.C.: GAO, December 1992), pp. 28-29.
4. U.S. Office of Personnel Management, *Training in the Federal Service, Fiscal Year 1988* (Washington, D.C., 1987), pp. 20-21.
5. GAO, *Department of Education: Long-Standing Management Problems Hamper Reforms*, p. 40.
6. Interview with Dr. Terry Newell, Director, Horace Mann Learning Center, Department of Education, Washington, D.C., May 19, 1993.
7. Clinton, Bill, and Al Gore, *Putting People First: How We Can All Change America* (New York: Times Books, 1992), pp. 126 and 128.
8. Letter from Madeleine Kunin, Deputy Secretary, U.S. Department of Education to Philip Lader, Deputy Director for Management, U.S. Office of Management and Budget, August 6, 1993.
9. GAO, *Department of Education: Long-Standing Management Problems Hamper Reforms*, p. 3.
10. Memorandum from Office of Elementary and Secondary Education, U.S. Department of Education, March 26, 1993, p. 1.
11. "Education Cluster Briefing Report," Washington, D.C., January 1993, p 9.

ED10: Eliminate the Grantback Statutory Provision of the General Education Provisions Act

Background

The General Education Provisions Act (GEPA) gives the Secretary of Education authority, whenever funds are recovered from a grant or cooperative agreement recipient, to repay—or grant back—to the recipient up to 75 percent of the recovered funds provided the recipient agrees to meet certain conditions. Funds are recovered as a result of audit findings of noncompliance with the terms of the grant or cooperative agreement. This provision applies to all recipients of federal education funds except funds received under the Higher Education Act of 1965 and Impact Aid programs.[1] This repayment provision is unique to the Department of Education (ED).

Originally authorized under the Education Amendments of 1978, the grantback considers 75 percent of funds recovered as additional funds available for the program from which ED recouped them; in other words, a recipient found in violation of grant terms ultimately gets back from ED the money the recipient had to pay to the department for violating those terms.[2] Thus, funds appropriated for education purposes which were recovered from a recipient through audit proceedings would not revert to the Treasury but would instead still be spent for educational purposes. States supported this measure for this reason.[3] (The remaining 25 percent which the department cannot grant back reverts to the Treasury.)

The grant recipient might initially spend the funds in noncompliance with program requirements. After funds are repaid to ED and the department grants them back to the recipient, then the recipient spends the funds again. If the law did not provide this second chance, recipients would have a greater incentive to comply with grant requirements from the start of the award. With the grantback provision in place, grantees can take the chance of not complying with requirements in the hope that ED will not audit them and discover the noncompliance. The recipient only risks 25 percent of the final penalty negotiated with ED; that is, the 25 percent that cannot be granted back under the statutory provision.

For example, the department receives an audit report that finds that a state has been charging an excessively high rate for unemployment insurance to ED-funded projects and recommends the state reduce the charges to the same rate charged to non-ED funded projects and repay all excess amounts collected, totalling $1 million. After receiving the report and supporting documenta-

tion, ED program officials decide to accept the audit recommendations and issue a program determination letter that notifies the state of the decision, instructs the state to take the recommended corrective actions, and to repay the excess $1 million collected. The state must return the $1 million to ED.

The date of the department's decision, in the form of the program determination letter, begins a three-year period in which the recovered funds remain available for use. (If the grantee appeals the decision to ED's Office of Administrative Law Judges [ALJ], the start date of the availability period is delayed until the appeal decision is issued.)

The state may then request repayment of 75 percent of the funds recovered, in this example a total of $750,000. ED program officials review the state's request to determine whether:

1. the state repaid the $1 million;
2. sufficient documentation exists to determine if the state completed the required corrective actions;
3. the state meets all other requirements of the program;
4. a plan for the use of funds exists that achieves the purposes of the program and, to the extent possible, benefits the population affected by the failure to comply; and
5. the state can use the repaid funds as proposed in the plan within the three-year availability period.

If all other aspects of the state's request meet the eligibility requirements, ED program officials may negotiate with the state to improve the project plan to better meet program objectives.

Based on the final project plan and other pertinent considerations, the program officials decide whether to approve the repayment and the amount to repay, or grant back. Program officials then prepare a memorandum to the secretary that explains the circumstances that led to the recovery of funds and recommend repayment of the $750,000 as requested by the state. A proposed *Federal Register* notice announcing the department's intention to grant back the funds accompanies the memorandum. The decision memorandum and *Federal Register* notice then enter the department's internal clearance process for review and comment by other departmental components.

When the decision memorandum and notice are submitted for clearance, program officials notify the ED budget office to submit a request to the Office of Management and Budget (OMB) for an allotment of funds for the grantback. Following resolution of any issues raised during the clearance process, the decision memorandum and notice are submitted to the secretary for final decision.

After the secretary authorizes the repayment of funds, ED publishes the notice in the *Federal Register* for 30 days. At the end of the 30-day period, ED issues the $750,000 grantback award to the state.

Upon completion of the project for which the funds were awarded, the state submits a project report to the program office. After the program office accepts the final report, it provides a copy to the ED budget office for transmittal to OMB.[4]

The amount of time the grantback process takes varies by case, depending on the extent of corrective actions needed, whether the recipient appeals the audit decision, and, if there is an appeal, the extent of changes, if any, that the ALJ makes to the plan as a result of the appeal. The department directs a recipient eligible for a grantback to apply no later than five months before the recipient plans to obligate the funds. This five-month period includes the 30 days necessary for the *Federal Register* notice.[5]

Legislation should not provide recipients of ED funds with a disincentive to comply with program and procedural requirements. Valid audit findings should result in appropriate recovery of misused funds to protect the federal government from future cases of waste, fraud, and abuse.

In addition, the grantback process places an administrative burden on ED that simple recovery of funds as a result of audit action would not.

ACTIONS

1. The grantback provision in the General Education Provisions Act, Part E, Section 459, should be repealed to eliminate the disincentive for grantees to comply with the conditions of a grant or cooperative agreement.

In lieu of the grantback provision, the ED should decide the amount of the disallowance to recover from the recipient according to current program law and regulations. The recipient would then have the right to appeal the disallowance. Once a final decision is reached, the recipient would have to return to ED the sum of the final agency action. All recovered funds would revert to the Treasury. The department would not have the discretion to grant back any portion of the disallowance to the penalized recipient. Sanctioned recipients should receive the necessary assistance from ED or other federal sources to correct the deficiencies cited so that they may remain eligible to receive federal funds in the future. In addition, in cases where grant recipients are found in violation of departmental regulations, but a good-faith effort was made to comply with them, the department should negotiate final audit amounts that do not place an undue burden on the recipient.

2. The department should then notify all affected grant recipients of the change in the law.

Upon repeal of the grantback provision, the department should mount an aggressive campaign to ensure all grant recipients are aware of the change in the law.

IMPLICATIONS

Elimination of the grantback provision would no longer allow a grantee cited for noncompliance with grant requirements a second opportunity to spend some of its funds.

Elimination of the grantback also eliminates the department's administrative burden of going through the grantback application process and monitoring the use of funds granted back.

FISCAL IMPACT

The savings associated with this recommendation are outlined in the table below.

Endnotes

1. U.S. Department of Education (ED), Chief Financial Officer/Office of Management and Budget, "Grantbacks," June 30, 1993, p. 1.
2. U.S. Department of Education, Office of Inspector General, *The Department of Education Needs to Improve its Procedures for Awarding and Monitoring Grantbacks*, Audit Control Number 11-80303 (Washington, D.C., April 1989), p. 3.
3. Interview with Ed Cook, Management Analyst, Department of Education, Chief Financial Officer/Office of Management and Budget, Office of Financial and Management Control, Washington, D.C., June 30, 1993.
4. ED, "Grantbacks," pp. 1-2.
5. Interview with Ed Cook, Management Analyst, Department of Education, Chief Financial Officer/Office of Management and Budget, Office of Financial and Management Control, Washington, D.C., July 1, 1993.

Budget Authority (BA) and Outlays (Dollars in Millions)

	Fiscal Year						
	1994	1995	1996	1997	1998	1999	Total
BA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlays	0.0	-3.7	-3.7	-3.7	-3.7	-3.7	-18.5
Change in FTEs	0	0	0	0	0	0	0

ED11:
BUILD A PROFESSIONAL, MISSION-DRIVEN STRUCTURE FOR RESEARCH

BACKGROUND

The Department of Education spends at least a quarter of a billion dollars on research annually. This includes basic and applied research, program and product development, program evaluation research, and statistics. Most research is conducted in four offices: the Office of Educational Research and Improvement (OERI), the Office of Special Education and Rehabilitative Services (OSERS), the Office of Vocational and Adult Education (OVAE), and the Office of Policy and Planning (OPP). Other offices also do research, primarily for program evaluation; however, they often arrange for OPP to manage their research activities.

Three of the principal offices operate national research centers. The largest is OERI's National Center for Education Statistics (NCES—$125 million requested for fiscal 1994). Included in NCES is the National Assessment of Educational Progress (NAEP—$65 million in 1994). The second largest center is the National Institute on Disability and Rehabilitation Research ($67 million) operated within OSERS. Two smaller centers are funded by OVAE: the National Center for Research in Vocational Education ($6 million) and the National Institute for Literacy ($5 million).[1]

In addition to the NCES and NAEP, OERI also supports 18 national research centers ($29 million), 10 regional laboratories ($38 million) and 16 Education Resource Information Clearinghouses (ERIC—$7 million). Education's national research and development centers are modeled after the Atomic Energy Commission laboratories. There have been as many as 25 centers, dedicated to topics from "Families, Communities, Schools, and Children's Learning" and "Education in the Inner Cities" to "Effective Schooling for Disadvantaged Students" and "Gifted and Talented." In fiscal 1991, average funding for a center was only $861,000, and in most cases the money was divided among two or three separate institutions of higher education. The principal investigators at the centers, excluding the directors, spend an average of one quarter of their time on center studies. Of the 12 centers operating in the early 1980s, six have been terminated and three awarded to new bidders. Like the regional laboratories and ERIC clearinghouses (which are focused more on information dissemination), the national research and development centers are supported only by five-year grants or cooperative agreements.[2]

Much of Education's research structure was created long before the department was formed in 1979 and has not undergone a

comprehensive, independent review. However, in 1992, the National Academy of Sciences (NAS) did conduct a thorough review of OERI, the department's principal research arm.

The NAS study concluded that OERI *has no coherent mission or strategic plan* and no effective structure for long-term research and development. It found:

> *Long-term agenda setting undertaken in the early years of NIE [the National Institute of Education, OERI's predecessor] became difficult and then futile; quick fixes replaced thoughtful investments; resources were spread so thinly that mediocrity was almost assured. Only a few lines of research have been sustained for the time needed to bring them to fruition. There has rarely been support for the successive iterations of research, development, and testing that are needed in any field to develop marketable innovations.*[5]

OERI has not used research conducted by independent individual investigators. The Academy observed that it is this type of research that harvests the insight, creativity, and initiative of researchers widely dispersed across the country. Only two percent of OERI's research and development (R&D) budget supports individual investigators doing field-initiated (extramural) research. The comparable percentages at the National Institutes of Health (NIH) and National Science Foundation (NSF) are 56 and 94 percent, respectively.[4] Furthermore, basic research—investigation aimed at fundamental new discoveries—receives only 5.5 percent of OERI's R&D budget. By contrast, basic research receives 60 and 94 percent, respectively, of the R&D budgets of NIH and NSF.[5]

OERI has not been able to summarize and synthesize the results of its research efforts, and while it works hard to link research and practice, these efforts have not met with great success. Many of the innovations presented to teachers and administrators have been fuzzy, lacking in a clear rationale and specific procedures as well as convincing evidence as to their effectiveness. Others have been so specific—in an attempt to be "teacher proof"—that they have demeaned the teachers and undermined their talents and skills.[6] Research offices within OERI, within the department, or across departments operate with little coordination or cooperation. There are, in addition, major *administrative flaws and weaknesses.*[7]

A broad consensus holds that the fundamental difficulty with the Department of Education's research efforts lies in how they are organized. One state department of education official observed:

> *To us, the fundamental problem has been political. The Congress and sundry administrators have routinely been at odds over what should be researched. Hence, there has been minimal funding for research except the rather diffuse, short-term agendas. . . Unless there is a fundamental structural change to obviate this nonproductive arrangement, progress is unlikely.*[8]

Members of Congress have held that ideological and political agendas have skewed the appointment of top OERI administrators, the selection of topics to be studied and how they are studied, the awarding of contracts, and the editing of reports and the timing of their release. On the other hand, members of the executive branch have charged that Congress has affected the research by favoring constituent interest with mandates and large set-asides for specific laboratories, centers, and studies, and by pushing other pet projects with threats against OERI's appropriations.[9]

Major Owens, Chairman of the House Subcommittee on Select Education, concludes that:

"Despite the education research and development system's obvious need for more federal dollars, greater resources are unlikely to be forthcoming unless action is first taken to address more fundamental weaknesses in the way OERI funds and carries out research and development activities. Policy makers in Washington and educators throughout the nation now have little confidence that funds provided to OERI will be invested wisely or productively."[10]

Contrary to the perception of most critics, however, much education research is of high quality and directly relevant to public policy. Much of the intellectual underpinnings of the major reforms of elementary and secondary education, which are fully supported in recommendation ED01 and administration policy, were developed through OERI research. The issues now are to focus the research agenda and restore credibility among all interested groups.

There has been a decline in funding for education research and development, just as the nation is beginning to spend additional billions on education reform. The decline at OERI has not been offset by investment by other parts of the federal government. Between 1973 and 1989, the R&D budget of OERI and its predecessor agency, NIE, declined by 82 percent (in constant dollars). In 1973 the entire federal government spent $1.1 billion (in 1990 constant dollars) on education research and development; in 1991 it spent between $310 million and $364 million.[11] In response to these findings, the NAS study recommended major changes in how OERI is structured, funded, and staffed. The central thrust of these recommendations has wide support.

Actions

1. The upcoming reauthorization of OERI should include several of the central recommendations from the National Academy of Sciences report.[12] These include:

- A stable and broad-based advisory board—including outstanding researchers, teachers, principals, parents, and state and local officials—should be established and charged with guiding the agenda-setting process of OERI.
- The board should identify procedures for contracts and grant peer-review panels that ensure that research merit and programmatic merit of proposals are judged only by those with the appropriate professional expertise.
- The currently fragmented education research structure (centers, labs, clearinghouses, etc.) and the functional division of research funding (institution-based, individual, etc.) should be replaced as it becomes feasible by a very few education R&D institutes established after the model of the National Institutes of Health. Each should target a specific problem area with a sustained program of research and development that includes field-initiated efforts, institutionally based R&D, and special projects. These institutes should be charged with conducting high-quality research and development in support of the national education goals.[13]
- A Reform Assistance Office should be established to coordinate the integration and translation of research into reform assistance efforts.
- OERI should report research findings directly to streamline its work and minimize opportunities for political pressure.

2. The Secretary of Education should request that the National Academy of Sciences extend its review to the rest of the department, looking at the other arrangements for research, especially NIDRR, the research aspects of OPP, and the small centers within OVAE.

The review should consider mission, governance, funding, coordination, sustained results, accumulation of results, and links to practice. It should recommend which other aspects of the Department's research activities should be incorporated into the OERI research structure.

Implications

Rebuilding OERI as a professional, mission-driven research organization is likely to receive considerable support. In the last

Congress both the House and the Senate made considerable progress on bills to reauthorize OERI that incorporated many of the recommended features. The administration is working with Congress on those bills.

FISCAL IMPACT

Focusing education research on a few key topics in keeping with the department's mission and the National Education Goals would mean the current level of funding would be better used. There would be no other significant fiscal impact.

Endnotes

1. U.S. Department of Education, *The Fiscal Year 1994 Budget: Summary and Background Information* (Washington, D.C., 1993), pp. 65-66, 36, 38, 39-40.
2. Atkinson, Richard C., and Gregg B. Jackson, eds., *Research and Education Reform: Roles for the Office of Educational Research and Improvement* (Washington, D.C.: National Academy Press, 1992), pp. 64-68.
3. Ibid., p. 3.
4. Ibid., p. 118.
5. Ibid., p. 119.
6. Ibid., p. 130.
7. Ibid., pp. 121, 120, 87-95.
8. Ibid., pp. 110-111.
9. Atkinson, Richard C., and Andrew C. Porter, "The Department of Education's Support of Education Research" in John F. Jennings (ed.), *National Issues in Education: The Past is Prologue* (Bloomington, IN: Phi Delta Kappa International and Washington, D.C., Institute for Educational Leadership, 1993), pp. 198-199.
10. Owens, Major R., "The Educational Research, Development and Dissemination Excellence Act: Imperative for OERI Reform," *National Issues*, p. 166.
11. Atkinson, *Research and Education Reform*, p. 3.
12. Ibid., pp. 3-8. 135-172.
13. Five specific problem areas were defined in HR 4014 considered by the 102nd Congress: the education of at-risk students; education governance, finance, and management; early childhood development and education; student achievement; and postsecondary education, libraries, and lifelong learning. See Atkinson, *Research and Education Reform*, pp. 146-148; National Academy of Education, *Research and the Renewal of Education* (Stanford, California, 1991), pp. 45-60; and the National Study Panel on Education Indicators, *Education Counts: An Indicator System to Monitor the Nation's Educational Health* (Washington, D.C.: National Center for Education Statistics, September, 1991), pp. 25-39.

ED12: Develop a Strategy for Technical Assistance and Information Dissemination

Background

The Department of Education (ED) supports an array of technical assistance activities, created through legislative mandates totaling $298.7 million.[1] The programs and technical assistance centers or clearinghouses, where the projects are carried out, are broadly defined as providers of both on- and off-site consultation, information dissemination, access to computerized education data systems, conferences, and workshops. Program-funded projects can include one or more of the following activities: research and development; funding and dissemination of demonstrated effective models; technical assistance to states, districts and schools regarding the implementation of federal categorical programs; information dissemination; and direct services to specific populations. Offices within ED fund these projects through grants, contracts and cooperative agreements or provide the services directly.[2]

These centers support programs administered by six different offices in the department. Chapter 1 (compensatory education programs for low-income students) technical assistance centers (TACs) and Rural TACs are administered by the Office of Policy and Planning (OPP).

The Office of Inspector General (OIG) and the department's program offices are not in full agreement on the definition of technical assistance. In a 1991 report, the OIG included projects that provided technical assistance, research, and information dissemination in its definition of technical assistance centers, whereas ED's program offices generally included only technical assistance centers and laboratories in their definition. As a result, the number of centers reported by the Inspector General differed from the number reported by program offices. The numbers for technical assistance centers identified by the OIG are reflected in Table 1 on the next page.

This analysis focuses on the technical assistance centers in the Office of Elementary and Secondary Education and the Office of Educational Research and Improvement, as these centers are presently up for reauthorization.

The Office of Educational Research and Improvement (OERI) provides technical assistance through the following:

- The Educational Resources Information Center (ERIC) is an information network, with clearing-

Table 1: Regional and State Level Technical Assistance Centers and Clearinghouses in the Department of Education, Fiscal Year 1991

	Number of Programs	Number of Centers	Funding ($ in millions) FY90	FY91
OBEMLA	4	71	$18.4	$18.4
OESE	6	39	37.1	37.1
OERI	8	163	86.3	111.8
OPE	4	189	30.9	32.8
OSERS:				
Special Education	10	116	28.4	28.1
Rehabilitation Service	1	59	7.9	8.2
NIDRR	4	68	43.7	50.4
OVAE	6	29	7.0	11.9
TOTAL	43	734	$259.7	$298.7

Source: U.S. Department of Education, Office of Inspector General, The Education Department's Use of Technical Assistance Centers and Clearinghouses for Providing Technical Assistance and Disseminating Information, Management Improvement Report No. 91-11, Atlanta, Georgia, 1991, p. 5.

OBEMLA—Office of Bilingual and Minority Language Affairs
OESE—Office of Elementary and Secondary Education
OERI—Office of Educational Research and Improvement
OPE—Office of Postsecondary Education
OSERS—Office of Special Education and Rehabilitative Services
NIDRR—National Institute on Disability and Rehabilitation Research
OVAE—Office of Vocational and Adult Education

houses responsible for developing, maintaining, and providing access to the world's largest education database. While ERIC is above average in ease of use, scope of coverage, and ability to find desired or useful citations, teachers and administrators say that the information caters more to the needs of researchers than to the needs of teachers.[3] It does not provide electronic mail or bulletin board capabilities, which would link teachers to researchers and other teachers. ERIC does not provide electronic access and retrieval of curriculum modules or teaching aids for classroom use. In 1992, OERI responded to these criticisms by funding a research and development project, called AskERIC, to test the feasibility of providing answers electronically, in 48 hours or less, to any question posed by Kindergarten through grade 12 educators.

- The National Center for Education Statistics (NCES) collects data on educational institutions at all levels and longitudinal data on student progress.
- The National Diffusion Network (NDN) is a system that promotes the awareness and implementation of exemplary education programs, products, and practices developed by public and private schools, colleges, and other institutions by providing funds to distribute information about exemplary programs. Recent studies have shown, however, that adoption of individual innovative programs generally do "not have a large and enduring impact on the quality of schooling."[4] OERI has initiated a revision of NDN procedures to promote systemwide rather than project-oriented change.
- The National Research and Development Centers conduct research on educational policy and practice issues of national significance. OERI has provided very little funding for the research and development (R&D) necessary for major advances in educational reform.[5] It spends only 5.5 percent of its R&D budget on basic research. In contrast, the National Science Foundation invests 94 percent of its total R&D budget on basic research.[6]
- Ten regional educational laboratories carry out applied R&D and technical

assistance for educators, parents, and decision makers. Evidence suggests the need for broader efforts to do development and demonstration work, but also indicates that the laboratories do not have the staff expertise for such efforts. However, a recent national survey of school districts found that they used the resources of the laboratories more than any other source.[7]

A study conducted by the Laboratory Review Panel noted the lack of communication and coordination among the laboratories, centers, ERIC, and the National Diffusion Network and problems with the communication of research results of the regional laboratories to practitioners in state and local agencies.[8]

The Office of Elementary and Secondary Education (OESE) funds the following centers in fiscal year 1993: six Drug-Free Schools Regional Centers ($18.1 million); six Chapter 1 Technical Assistance Centers ($5 million) and 10 Rural Chapter 1 Technical Assistance Centers ($5 million) serving OESE but administered by OPP; three Migrant Program Coordination Centers ($3 million); and six Indian Education Technical Assistance Centers ($2.3 million).[9]

The Office of Elementary and Secondary Education is concerned that there is no system or strategy for coordination of technical assistance centers to promote the systemic reforms encouraged by the proposed *Goals 2000* legislation and the reauthorization of the Elementary and Secondary Education Act (ESEA) or to provide one-stop shopping for technical assistance for federal programs. The typical technical assistance center focuses on a particular categorical program or mission (e.g., Chapter 1, federal support for substance abuse prevention), with recipients of assistance generally limited to those who are funded or served by the program. The extensive opportunities for information sharing and training available through technology have not been fully realized or implemented by the department or technical assistance providers. Currently, few state and local administrators or educators are aware of the ED-supported technical assistance available to their state, district, or schools.[10]

A 1991 report by ED's Office of the Inspector General was critical of the department's approach to providing technical assistance. The OIG listed several problems afflicting the system:

1. Similar services are provided by centers supported by different programs, both within and across offices. This is true for both technical assistance and information dissemination. The problem afflicts Chapter 1, Office of Vocational and Adult Education and Office of Educational Research and Improvement programs.

2. There is no departmental plan "to ensure adequate coordination and avoid, or at least minimize, duplication and overlap."

3. Centers may not be located where they are needed. The rationale for the location of centers is unclear.[11]

The department is taking steps to analyze existing technical service activities and identify some needed legislative changes.

Actions

1. The Department of Education should develop a strategy for technical assistance and information dissemination to promote the* Goals 2000, *themes of equity, access, and achievement.

The department must decide who its customers are, what the purposes of the technical assistance centers should be, how prescriptive it wants to be, and the best vehicles to provide that assistance to effect educational change. A strategy is currently being developed by the department for the Elementary and Secondary Education Act reauthorization.

2. The Department of Education should create multi-purpose technical assistance centers that serve several programs and focus on a variety of issues, in contrast to those related to specific programs.

By aligning the functions of the various categorical centers, assistance providers would address the needs of all children in a school, district, or state in a unified way, rather than just helping to fix one program at a time. Coordinated support, or one-stop shopping, would be available to states and local districts in applying federal resources to systemic reform. Efficiencies would result from reducing the number of centers, which would decrease overhead.

Ten regional centers should be created, eliminating 49 categorical centers and the 50 state contacts in the National Diffusion Network. The 49 categorical technical assistance centers to be eliminated include: six Drug-Free Schools Regional Centers ($18.1 million), 16 Title VII Multifunctional Resource Centers ($11 million), two Title VII Evaluation Assistance Centers ($1.7 million), six Chapter 1 Technical Assistance Centers ($5 million), 10 Rural Chapter 1 Technical Assistance Centers ($5 million), three Migrant Program Coordination Centers ($3 million), and six Indian Technical Assistance Centers ($2.3 million).

Centers should be required to maintain staff expertise in each of the federal program areas, be accessible to its customers, and meet their needs in a timely manner. State and local education agencies and schools should be provided with prompt access to federal priorities, policies, and guidelines through an electronic network. Federally funded toll-free hotlines should supplement the computer network information exchanges.

3. The Department of Education should foster development of a national electronic network that allows states, local agencies, teachers, and administrators to access research and exemplary practice information easily and share ideas and feedback among themselves through "electronic bulletin boards."

This action should be implemented as part of Issue ED08: "Create a Single Point of Contact for Program and Grant Information," described earlier in this report, or an expanded AskERIC.

4. The Department of Education should establish the laboratories as institutions directed toward assisting state and local education agencies as they plan and implement systemic reform.

ED should then enhance the close contact with school districts and state agencies across the country by assisting local agencies with improvements and reform and engaging customers as more active partners.

FISCAL IMPACT

Some savings may be achieved through consolidation of functions and elimination of administrative and program duplication. These savings, however, would then be applied, through the use of a hotline and electronic bulletin board, to improve and extend technical assistance to better serve ED's customers.

Endnotes

1. U.S. Department of Education (ED), Office of the Inspector General, *The Education Department's Use of Technical Assistance Centers and Clearinghouses for Providing Technical Assistance and Disseminating Information*, Management Improvement Report No. 91-11 (Atlanta, Georgia, 1991), p. 3.
2. U.S. Department of Education, *Assistance to the States: A Directory and Summary of Projects and Programs Funded by the Office of Special Education Programs* (Washington, D.C. 1990), p. 2.
3. Atkinson, Richard C., and Gregg B. Jackson, eds., *Research and Education Reform, Roles for the Office of Educational Research and Improvement* (Washington, D.C.: National Academy Press, 1992), p. 71.
4. Ibid., p. 83.
5. Ibid., p. 139.
6. Ibid., p. 3.
7. Ibid., p. 78.
8. Ibid., p. 77.
9. Interviews with Office of Policy and Planning staff, U.S. Department of Education, Washington, D.C., July 1993.
10. Ibid.
11. ED, *The Education Department's Use of Technical Assistance Centers and Clearinghouses for Providing Technical Assistance and Disseminating Information*, p. 5.

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AGENCY REINVENTION ACTIVITIES

Improving the management of the Department of Education (ED) and achieving the National Education Goals are top priorities for Secretary Richard Riley and Deputy Secretary Madeleine Kunin. They believe that reforming the educational system should start "at home," by turning the department into a model government agency that continuously improves management practices and provides national leadership and assistance to states and communities as they seek to improve the educational system for all Americans.

The department, however, has inherited significant management problems that ultimately affect program outcomes, e.g., the shortfall in the Pell Grant program, mismanagement of student loan repayments, lack of appropriate oversight of programs, outmoded technology for basic staff functions, and low morale of the department's staff. The U.S. Office of Management and Budget, the General Accounting Office, the ED Office of the Inspector General, and ED employees have identified a myriad of problems that reinvention can address.

To systematically reform the department, Secretary Riley and Deputy Secretary Kunin have developed an action plan calling for the department to set goals, strategically plan to meet those goals, put comprehensive initiatives into place, and test regularly to ensure that progress is being made. Goals are being addressed through policy and management actions.

POLICY ACTIONS

The Secretary's major policy initiatives include:

- Defining key educational goals for the nation through the *Goals 2000:* Educate America Act. This legislation outlines a vision for American education and provides a clear direction for the department: to assist every state, community, and school to set its sights on high standards.
- Reshaping the Elementary and Secondary Education Act, through the congressional reauthorization process, so that states, communities, and schools can provide access to a comprehensive system of related programs that will support all students in achieving high educational goals.
- Focusing legislation on the critical, but long neglected, transition from school to work—a vital part of the development of a world-class workforce. The Department of Education and the Department of Labor have been working collaboratively for several months to set the groundwork for the develop-

ment of a comprehensive system for the transition from school to work. Funding from the two departments will be used by states and localities to initiate planning and implementation efforts. Activities at the federal level will include research, evaluation, and technical assistance.

- Reducing and eliminating programs that contribute least toward achieving the National Goals and high educational standards for all Americans. The President's budget asks Congress to cut back spending in low-priority programs and to eliminate 24 programs that have already achieved their purposes, duplicate other programs, or fall outside the scope of the federal role in education.
- Reducing, through the Direct Loan Program, the percentage of student loan dollars used by lenders for administrative purposes, so that more funds can go directly to students.
- Moving away from audit-type compliance monitoring toward performance measurement that emphasizes program improvement. By providing grantees with performance as well as compliance information early in the grant process, and providing technical assistance during implementation, the department aims to reduce the need for audits and legalistic reviews.
- Ensuring adherence to the laws that guarantee equal access to education. The department must make full use of limited enforcement resources and also develop innovative remedies and preventive approaches to ensure equal access.

MANAGEMENT ACTIONS

The Secretary and the Deputy Secretary have taken steps to improve management systems within the department. Their focus is on information resources management, financial management, and human resource management. Through a variety of improvement teams and reinvention activities, with representation from support and program offices, they are working to create an organizational culture that values continuous improvement.

The strategic planning initiative is a top priority within the department and two new structures have been created to support and institutionalize it.

The Executive Management Committee advises the Deputy Secretary on general management and strategic planning issues and ensures coordination of department-wide policy and management activities. The Committee, chaired by the Deputy Secretary, consists of the department's senior political leadership.

The Reinvention Coordinating Council initiates and oversees the department's reinvention and quality improvement efforts. Its membership includes an equal number of Senate-confirmed political appointees and senior career employees representing all parts of the department to build partnerships among support and program offices. The Council meets at least weekly. Its activities, to date, include designing a framework for effective implementation of the *Goals 2000* legislation, coordinating and overseeing the work of all cross-cutting department committees and work groups, and working with the National Performance Review team.

A departmentwide strategic planning effort has been initiated with completion scheduled for early in fiscal year 1994. Each Principal Office (the 17 major offices in the department) has been asked to define its mission, goals, and objectives, and to link those with the overall mission, goals, and priorities of the department. Further, each office will establish performance indicators so that progress toward its goals can be measured. A critical part of the strategic planning process is to engage all ED staff in defining and implementing a meaningful plan for action.

Secretary Riley and Deputy Secretary Kunin have communicated to both the in-

coming political leadership and senior career officials that improving internal management is a high priority. A management retreat for senior officers was conducted to clarify the organizational mission and priorities and to begin to build working relationships among senior team members.

IMPROVING DEPARTMENT MANAGEMENT OPERATIONS

To build cooperation and collaboration on issues that cut across offices, the Reinvention Coordinating Council is chartering quality improvement teams with representation from support and program offices. Teams have been chartered to improve: (1) personnel classification procedures; (2) processes for receiving and responding to employee complaints to Building Services; (3) the non-competitive grant continuation application process and the funded programs; and (4) the development and issuance of regulations for discretionary grant programs. Surveys are being conducted by the teams to identify the expectations and needs of ED staff. Preliminary results and recommendations are expected in September 1993. Another team—focusing on the Secretarial initiative to further the implementation of *Goals 2000*—has been chartered to develop strategies for meeting the National Education Goals at the federal, state, and local levels.

To enhance communication among department offices, the ED local area computer network (ED-LAN) will be provided to 2,300 ED staff by the end of September 1993, and to remaining headquarters staff by the end of fiscal year 1994. Half of the regional staff will be connected to the LAN in fiscal 1994 and the remainder in fiscal 1995. By fiscal 1994, Internet, a major "network of networks" including colleges and universities, will be accessible through the LAN, providing the department with the capacity to communicate with more than 10 million users inside and outside of government.

FINANCIAL MANAGEMENT IMPROVEMENTS

Five high-risk management areas have been identified by the department for improvement. The Management Audit Committee, chaired by the Deputy Secretary, meets regularly to resolve the most significant audit areas and to facilitate the handling of audit resolution and follow-up. Progress is reported to the Secretary through the Federal Managers' Financial Integrity Act (FMFIA) process. The department is also working to reduce the paperwork burden on states and localities.

The department is redesigning its core financial management systems to ensure that data from accounting, grants, contracts, payments, and other systems are integrated into a single system. The agency has also taken steps to improve its performance in cash management, including instituting improved quality controls.

SPECIFIC REINVENTION PROJECTS

Reinvention Laboratories have been formed to target key department concerns in two areas: (1) the development and use of performance measures in management and program improvement, and (2) the collection of outstanding debts in student financial aid.

The Performance Measurement Laboratory is intended to create a Total Organization Performance System (TOPS) that will enable the department to answer key questions about the performance of programs and its own operation—such as whether vocational education programs improve the skills and jobs of participants, whether regulations are readable, and whether demonstration and capacity building programs produce results beyond the mere funding of grantees.

TOPS will involve all 17 ED offices in a systematic effort to obtain performance indicators for the major programs and support

functions of the department. Project staff will work with top management to link performance measurement directly to the department's strategic planning, budget, financial management, legislative, and evaluation activities, and to coordinate information across programs.

Two groups—one internal, the other external—will review the department's work in this area. The Monitoring and Performance Measurement Team—a departmental team of Assistant Secretaries and their representatives charged with developing strategies for improving monitoring and performance measurement—will review the performance measures of all Principal Offices and serve as a forum to develop staff capability. The Evaluation Review Panel, an independent, external evaluation board (with members nominated by the National Academy of Sciences and other educational research and evaluation organizations) will provide a second-level review of the measures.

While performance indicators were previously available for some of the larger programs, data collected on these measures often remained unused and unanalyzed. Now, the development of performance measures has begun in the majority of Principal Offices—both support and program offices—and early reports are promising. Action plans for using performance data have been developed for some programs. Support offices in the department that had not previously examined their own performance are reporting success in defining their mission, goals, and objectives as first steps.

The Department of Education is responsible for managing several student loan programs. Most of these programs have been plagued by high default rates. The Department's record of collecting debts in a timely and efficient manner could be improved. Creation of the Debt Collection Service Laboratory is intended to transform the practices of the Debt Collection Service (DCS), a unit within the Office of Postsecondary Education. The goals for a reinvented DCS are as follows:

- **Performance measurement and accountability.** DCS will be accountable in terms of net revenues produced, dollar recovery rates, and customer satisfaction.
- **Self-supporting.** DCS will explore ways to finance itself entirely out of the revenue it generates.
- **Incentives.** DCS will consider strategies for introducing gainsharing and other productivity-increasing and worker-empowering incentives.
- **New collections strategies.** DCS will develop new collections strategies and will pursue options more vigorously.
- **Workforce excellence.** DCS will be a test site for creative approaches to hiring, classification, and compensation.

LESSONS LEARNED

Some early lessons learned through ED's reinvention activities include: (1) the need for sustained top management support and visibility; (2) the value of taking a comprehensive approach to internal management by integrating strategic planning and performance measurement with other key administrative activities, such as budgeting, legislation, and evaluation; and (3) the necessity to identify short-term goals as well as long-term goals to improve management. Programs are reporting the benefits of developing their missions, goals, and objectives—a first-time activity for many. Further lessons will be learned as performance data become available—lessons that can be applied in the budget and reauthorization cycles.

SUMMARY OF FISCAL IMPACT

NATIONAL PERFORMANCE REVIEW

Change in Budget Authority by Fiscal Year (Dollars in Millions)

Recommendation		1994	1995	1996	1997	1998	1999	Total	Change in FTEs
ED01:	Redesign Chapter 1 of Elementary and Secondary Education Act	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
ED02:	Reduce the Number of Programs the Department of Education Administers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
ED03:	Consolidate the Eisenhower Math and Science Education Program with Chapter 2	na	na	na	na	na	na	na	na
ED04:	Consolidate National Security Education Act Programs	na	na	na	na	na	na	na	na
ED05:	Streamline and Improve the Department of Education's Grant Process	cbe	cbe	cbe	cbe	cbe	cbe	cbe	cbe
ED06:	Provide Incentives for the Department of Education's Debt Collection Service	na	na	na	na	na	na	na	na
ED07:	Simplify and Strengthen Institutional Eligibility and Certification for Participation in Federal Student Aid	0.0	-35.0	-35.0	-35.0	-35.0	-35.0	-175.0	0
ED08:	Create a Single Point of Contact for Program and Grant Information	0.3	0.3	0.3	0.3	0.3	0.3	1.8	6
ED09:	Improve Employee Development Opportunities in Department of Education	na	na	na	na	na	na	na	na
ED10:	Eliminate the Grantback Statutory Provision of the General Education Provisions Act	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
ED11:	Build a Professional, Mission-Driven Structure for Research	na	na	na	na	na	na	na	na
ED12:	Develop a Strategy for Technical Assistance and Information Dissemination	na	na	na	na	na	na	na	na
	Total Department of Education	0.3	-34.7	-34.7	-34.7	-34.7	-34.7	-173.2	6

cbe = Cannot be estimated (due to data limitations or uncertainties about implementation timelines).

na = Not applicable (recommendation improves efficiency or redirects resources, but does not directly reduce budget authority).

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Change in Outlays by Fiscal Year
(Dollars in Millions)

Recommendation		1994	1995	1996	1997	1998	1999	Total
ED01	Redesign Chapter 1 of Elementary and Secondary Education Act	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ED02	Reduce the Number of Programs the Department of Education Administers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ED03	Consolidate the Eisenhower Math and Science Education Program with Chapter 2	na	na	na	na	na	na	na
ED04	Consolidate National Security Education Act Programs	na	na	na	na	na	na	na
ED05	Streamline and Improve the Department of Education's Grant Process	cbe	cbe	cbe	cbe	cbe	cbe	cbe
ED06	Provide Incentives for the Department of Education's Debt Collection Service	na	na	na	na	na	na	na
ED07	Simplify and Strengthen Institutional Eligibility and Certification for Participation in Federal Student Aid	0.0	-7.0	-54.0	-55.0	-55.0	-55.0	-146.0
ED08	Create a Single Point of Contact for Program and Grant Information	0.5	0.5	0.5	0.5	0.5	0.5	1.8
ED09	Improve Employee Development Opportunities in Department of Education	na	na	na	na	na	na	na
ED10	Eliminate the Grantback Statutory Provision of the General Education Provisions Act	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ED11	Build a Professional, Mission-Driven Structure for Research	na	na	na	na	na	na	na
ED12	Develop a Strategy for Technical Assistance and Information Dissemination	na	na	na	na	na	na	na
	Total Department of Education	0.5	-6.7	-53.7	-54.7	-54.7	-54.7	-144.2

cbe = Cannot be estimated (due to data limitations or uncertainties about implementation timelines).

na = Not applicable (recommendation improves efficiency or redirects resources, but does not directly reduce outlays).

APPENDICES

APPENDIX A: JUSTIFICATIONS FOR THE ELIMINATION OF PROGRAMS

Impact Aid 3(e) Payments: This program authorizes four years of payments to school districts after they have lost federally connected students. This prolonged payment period is unnecessary. The payment provided under the department's authority to base payments on prior-year enrollment data is sufficient to allow districts to adjust to decreased enrollments. Scarce Impact Aid dollars should be provided to Local Education Agencies (LEAs) that enroll federally connected students rather than those that do not.

Ellender Fellowships (Close-Up Foundation): An audit of the program, requested by Congress, indicated that despite significant increases in federal support, the Close-Up Foundation, which administers the program, has not expanded the fellowship program. In fact, the number of fellowships decreased and the federal share per fellowship increased, indicating a substitution of federal for non-federal support. Other organizations offer similar government education programs in Washington, providing financial assistance to economically disadvantaged secondary students, without federal support.

Education for Native Hawaiians: Native Hawaiians, to the extent that they meet eligibility criteria that are applied to all citizens, are already eligible for ED services, including student financial aid programs, that duplicate many of the activities in the programs.

Foreign Languages Assistance: This program is poorly structured to be an appropriate vehicle for the advancement of foreign language education in the schools. The size of the fiscal 1993 appropriation is insufficient to support a formula grant program, particularly one with the ambitious goals and broad scope of this program.

Consumer and Homemaking Education: The purpose of this program is to assist states in conducting consumer and homemaking education programs that prepare youth and adults for the occupation of homemaking. This program can be supported with non-federal resources. All states currently have active, well-established consumer and homemaking programs that will continue without direct federal support.

Bilingual Vocational Training: The purpose of this program is to provide bilingual vocational education and training and English language instruction to persons with limited English proficiency and to prepare these persons for jobs in recognized occupations. A small discretionary program such as

this cannot begin to meet the needs of the nation's 4.3 million limited English proficient adults. These needs are more appropriately addressed through Vocational Education Basic Grants and Adult Education Basic Grants.

State Student Incentive Grants: This program was intended to provide an incentive for state need-based postsecondary student grant assistance through dollar-for-dollar federal matching funds. Federal funds are no longer necessary as an incentive to states to provide need-based aid, inasmuch as state expenditures for need-based grant aid have continued to expand in recent years, even as federal funding has dropped or remained constant. This suggests a considerable level of state commitment regardless of federal expenditures.

Dwight D. Eisenhower Leadership Program: This program awards grants to institutions of higher education or nonprofit organizations to support the development of student leadership skills. Allowable activities under this program are already included in the regular curriculum at many institutions of higher education.

Cooperative Education: Cooperative Education programs are those having alternating or parallel periods of academic study and employment related to the student's academic programs or professional goals. Federal encouragement and motivation in the area of cooperative education is no longer necessary. The concept of cooperative education has been demonstrated successfully and accepted by the higher education community, as evidenced by the number of institutions of higher education operating such programs without federal funding.

Assistance to Guam: This program assists the University of Guam and Guam Community College in providing education programs for nonresident Micronesian students. Direct federal subsidy of postsecondary schools is not an appropriate federal role. In no other case does the federal government make direct payments to postsecondary institutions to help meet the costs related to the education of non-state or non-territorial residents. Moreover, the cost of educating nonresident students is, for the most part, reimbursed to the postsecondary institutions through the fees charged to these students. These students also may qualify for federal student aid to help pay tuition.

Robert A. Taft Institute of Government: For 20 years, the Institute has sponsored a variety of teacher training programs. Given the fact that the Institute operated for many years without federal support, it should be able to continue this work without direct federal support. In addition, funds are awarded on a non-competitive basis, which is not an appropriate method of allocating federal resources. Financing for this purpose is available under a number of competitive federal programs.

National Academy of Science, Space, and Technology (NASST): The administration strongly supports efforts to improve the mathematic and scientific capabilities of American students and is requesting increases in many of its mathematics and science programs. However, this program is duplicative of the National Science Scholars program. All funds under that program are awarded to students, whereas program funds under NASST must also be used for administration, thereby reducing the amount available for scholarships. NASST also has a service repayment requirement that is very difficult to monitor.

College Housing and Academic Facilities Loan Program—New Loan Subsidies: The academic facilities programs were created to provide financial assistance to institutions of higher education for the construction, reconstruction, or renovation of academic facilities and the acquisition and

maintenance of special research and instructional instruments and equipment. The federal government should not support new loan commitments because these programs are excessively subsidized and supplant rather than supplement traditional state, local, institutional, and private sector support. The federal government should not bear responsibility for financing the capital outlay needed to maintain the physical plant of institutions of higher education.

Territorial Teacher Training: An evaluation of the program concluded that while it has had a positive impact on the professional standards and teacher performance in the Territories, the impact has been relatively modest in relation to the amount of time and resources expended. To help meet locally determined teacher training needs, the Territories can use resources under the authority to consolidate their allocations from the department's formula grant programs.

Public Library Construction: This program provides formula grants to states for the construction of new public library buildings; the acquisition, expansion, remodeling, and alteration of existing buildings; and the purchase of equipment. In 1991, the last year for which data are available, only 13 percent of the funds were used for new construction projects. The majority of funds were used for remodeling projects. Purchases of equipment, added to the authorized activities, are already permitted under other library programs. Early indications are that the number of funded projects that do not involve construction will increase.

Foreign Language Materials: Federal funding for the purchase of library books and materials for public libraries is not necessary when larger and more appropriate sources—the general operating budgets of local jurisdictions, gifts, and state aid available to local public libraries—are available. The impact of the program is slight since it awards only a few small grants. Furthermore, foreign language material may be purchased under the Public Library Services program, for which an increase in funding was requested.

Library Literacy Programs: This program provides $35,000 grants primarily to local public libraries to assist in promoting volunteerism, acquiring materials, and using library facilities for literacy projects. Since the program was first funded in 1986, nearly 2,000 small grants have been made to state and local public libraries. In 1990, only 22 percent of libraries applying had never previously received a grant. Furthermore, programs under the much larger Public Library Services can support literacy activities.

College Library Technology: This program supports grants primarily to institutions of higher education for the acquisition of up-to-date equipment used to expand library resource sharing among the nation's colleges and universities. Academic libraries are arguably among the most sophisticated users of technology and lead the library community in applying technology to the development and enhancement of library services. The most urgent needs for up-to-date technological equipment for use in college libraries have been met through funds provided by the program over the past six years. Colleges and universities generally overmatch the federal contribution.

Library Education and Training: This program supports grants to assist in educating and training individuals in library and information science. While spot shortages of librarians occur, no studies have predicted a widespread lack of adequately trained librarians at any level.

Library Research and Demonstrations: This program supports small grants for the improvement of library services. Other than a one-time increase in 1993, this program has been essentially funded at the same very low level since 1980. There is no justifica-

tion for continuing a small categorical program to support research and demonstrations. Meritorious proposals could be supported through a variety of other sources.

Research Libraries: This program supports grants to major research libraries to help them strengthen their collections through the acquisition or preservation of materials and to help make these collections available to other libraries and users. Only a few research libraries have received a single award over the life of the program, and several have enjoyed virtually uninterrupted funding. Many of these awards go to institutions that are among the wealthiest in the nation and that could support such projects themselves. Institutions would still be eligible for funds from other federal sources and, of course, they may also seek private support.

Foreign Periodicals Program: This program provides grants to libraries and institutions of higher education to provide assistance for the acquisition of and access to periodicals published outside the United States. This is a low priority for federal funds and should be primarily an institutional responsibility.

Impact Aid 3(b) Payments: The department requested a 50 percent reduction for these payments in the fiscal 1994 budget request as the first step of a three-year phase-out called for by President Clinton in his February 1993 message to Congress. These payments, which are made on behalf of children who live or have a parent working on federal property, provide very small amounts of $25 to $125 per section 3(b) child. The presence of these children, most of whose parents pay local taxes to their communities, imposes little if any financial burden on local education agencies.

Fund for the Improvement and Reform of Schools and Teaching (FIRST): The purpose of the program is to improve the educational opportunities for and the performance of elementary and secondary school students and teachers, and to encourage local education agencies to increase the involvement of families in the improvement of the educational achievement of their children. These purposes should be part of a comprehensive school restructuring proposal, not separate categorical programs.

Educational Partnerships Program: This program was established to encourage the creation of alliances between public elementary and secondary schools or institutions of higher education and representatives of the private sector to work together on school improvement projects. Educational partnerships have been amply demonstrated as a school improvement strategy and are now widespread and generally supported without federal assistance. The department's fiscal year 1994 request reflects a phase-out of the program.

General Assistance to the Virgin Islands: This program provides general assistance to improve public education in the Virgin Islands; it does not address any specific educational goal but can be applied to all goals. This assistance duplicates support under Chapter 1 and other ED programs. The department proposed a 50 percent reduction for fiscal year 1994 to begin phase-out of the funding. The program was established in 1978 as a response to the increasing public school enrollment in the Virgin Islands. By the early 1980s, however, enrollment had stabilized, and by 1991-92 enrollment had declined. These statistics suggest that the original purpose for providing the funds no longer exists.

Immigrant Education: This program is designed to assist state education agencies (SEAs) and LEAs in providing supplementary educational services and offsetting costs for immigrant children enrolled in elementary and secondary public and nonpublic schools. The eligible recipients are the states,

which then distribute the funds to LEAs within the state according to the number of immigrant children. Immigrants are served in bilingual and compensatory education programs; therefore, this program is duplicative of the more general programs.

Law School Clinical Experience: This program is a demonstration that has achieved its original purpose. This program provides funds to accredited law schools to establish or expand programs that provide clinical experience in the practice of law, with preference given to programs providing legal experience in the preparation and trial of actual cases, and to programs providing service to persons who have difficulty in gaining access to legal representation.

Educational Improvement Partnerships: Law-Related Education: The purpose of this program was to enable children, youth, and adults to become more informed citizens by providing them with knowledge and skills pertaining to the law, the legal process, the legal system, and the fundamental principles and values on which these are based. The projects predominantly serve students in public and private schools in kindergarten through grade 12. This is an example of a capacity-building program that has met its goal; these goals can be met through a comprehensive school reform designed around the National Education Goals.

Dropout Prevention Demonstrations: The department is conducting an assessment of the projects under this program. The first interim report is scheduled for January 1994 with a final report in August 1996. The statute limited funding to applicants: (1) proposing to replicate successful programs conducted in other LEAs or to expand successful programs within an LEA; and (2) having a very high number or high percentage of school dropouts. The demonstrations supplement other federal programs that help children complete school, such as Chapter 1, Special Education, and Vocational Education. Demonstrations will be complete with fiscal 1994 funds.

Follow Through: This is a 25-year-old demonstration that has met its original objectives. The program was intended to sustain the gains made by preschool children through Head Start and similar programs. Also, these populations can be served with funds under other Elementary and Secondary Education Act programs such as Chapter 1 and Even Start, and through collaborative efforts between Head Start programs and schools.

Impact Aid-Section 2 Payments: These payments go to school districts with federally owned property, based on ED's estimate of local revenue that the local education agency would have received from the eligible federal property if that property were taxable. Most school districts that receive payments under section 2 also receive substantial payments in lieu of taxes from other federal agencies, such as the Interior Department. The department requested a 50 percent decrease for fiscal 1994.

Vocational Education: Community-Based Organizations (CBOs): The purpose of this program is to provide special vocational education services to disadvantaged youth through community-based organizations. Where CBOs can reach disadvantaged groups that regular vocational schools cannot, states can use their multi-billion dollar programs supported by federal and state grants. There is no information available at the national level on how critical CBOs are to the success of this population in this area.

Civics Education: This program provides a non-competitive grant to the Center for Civics Education to support instruction in history and civics. History and civics are important parts of school curriculum, but this grant is non-competitive and too small to have national impact.

Appendix B:
Accompanying Reports of the National Performance Review

Governmental Systems	Abbr.
Changing Internal Culture	
Creating Quality Leadership and Management	QUAL
Streamlining Management Control	SMC
Transforming Organizational Structures	ORG
Improving Customer Service	ICS
Reinventing Processes and Systems	
Mission-Driven, Results-Oriented Budgeting	BGT
Improving Financial Management	FM
Reinventing Human Resource Management	HRM
Reinventing Federal Procurement	PROC
Reinventing Support Services	SUP
Reengineering Through Information Technology	IT
Rethinking Program Design	DES
Restructuring the Federal Role	
Strengthening the Partnership in Intergovernmental Service Delivery	FSL
Reinventing Environmental Management	ENV
Improving Regulatory Systems	REG

Agencies and Departments	Abbr.
Agency for International Development	AID
Department of Agriculture	USDA
Department of Commerce	DOC
Department of Defense	DOD
Department of Education	ED
Department of Energy	DOE
Environmental Protection Agency	EPA
Executive Office of the President	EOP
Federal Emergency Management Agency	FEMA
General Services Administration	GSA
Department of Health and Human Services	HHS
Department of Housing and Urban Development	HUD
Intelligence Community	INTEL
Department of the Interior	DOI
Department of Justice	DOJ
Department of Labor	DOL
National Aeronautics and Space Administration	NASA
National Science Foundation/Office of Science and Technology Policy	NSF
Office of Personnel Management	OPM
Small Business Administration	SBA
Department of State/ U.S. Information Agency	DOS
Department of Transportation	DOT
Department of the Treasury/ Resolution Trust Corporation	TRE
Department of Veterans Affairs	DVA

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